



**Market Choice Protection  
by Chubb<sup>SM</sup>**

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**MARKET CHOICE PROTECTION**

**FOR**

**PUGET SOUND TRUCK LINES, INC**  
**DBA PUGET SOUND FREIGHT LINES, INC.**

**Producer:**

SWETT & CRAWFORD  
720 OLIVE WAY  
SEATTLE, WA 98101-0000  
Attn: BILL GRAF

**Chubb Servicing Office:**

LA WHOLESALE  
801 SOUTH FIGUEROA STREET  
SUITE 2500  
LOS ANGELES, CA 90017-5556  
Attn: SANDRA KAESTLE

**UNDERWRITER**





**Market Choice Protection  
by Chubb<sup>SM</sup>**

**Insuring Agreement**

**Named Insured and Mailing Address**

PUGET SOUND TRUCK LINES, INC  
DBA PUGET SOUND FREIGHT LINES, INC.  
P.O. BOX 24526  
SEATTLE, WA 98124

**Chubb Group of Insurance Companies  
15 Mountain View Road  
Warren, NJ 07059**

**Policy Number** 7949-17-96

**Effective Date** JUNE 1, 2007

*Issued by the stock insurance company  
indicated below, herein called the company.*

**CHUBB CUSTOM  
INSURANCE COMPANY**

**Producer No.** 0052888-99999

**Producer** SWETT & CRAWFORD  
720 OLIVE WAY  
SEATTLE, WA 98101-0000

**Incorporated under the laws of  
DELAWARE**

**Company and Policy Period**

Insurance is issued by the company in consideration of payment of the required premium.

This policy is issued for the period 12:01 AM standard time at the Named Insured's mailing address shown above:

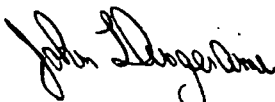
**From:** JUNE 1, 2007 **To:** JUNE 1, 2008

Your acceptance of this policy terminates, effective with the inception of this policy, any prior policy of the same number issued to you by us.

This Insuring Agreement together with the Premium Summary, Schedule Of Forms, Declarations, Contracts, Endorsements and Common Policy Conditions comprise this policy. If this policy is a renewal, we have only reissued to you those policy documents containing changes from your previous policy period coverages and any new additional coverages or policy provisions. All other policy documents shown in the Schedule Of Forms accompanying this Insuring Agreement continue in effect.

In Witness Whereof, the company issuing this policy has caused this policy to be signed by its authorized officers, but this policy shall not be valid unless also signed by a duly authorized representative of the company.

CHUBB CUSTOM INSURANCE COMPANY (incorporated under the laws of Delaware)

  
President

  
Secretary

Authorized Representative





## Market Choice Protection by Chubb<sup>SM</sup>

### Premium Summary

#### Named Insured and Mailing Address

PUGET SOUND TRUCK LINES, INC  
DBA PUGET SOUND FREIGHT LINES, INC.  
P.O. BOX 24526  
SEATTLE, WA 98124

Producer No. 0052888-99999

Producer SWETT & CRAWFORD  
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15 Mountain View Road  
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Policy Number 7949-17-96

Effective Date JUNE 1, 2007

Issued by the stock insurance company  
indicated below, herein called the company.

**CHUBB CUSTOM  
INSURANCE COMPANY**

Incorporated under the laws of  
DELAWARE

### Policy Period

From: JUNE 1, 2007 To: JUNE 1, 2008  
12:01 A.M. standard time at the Named Insured's mailing address shown above.

### Premium Payment

The first Named Insured shown in the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

### Estimated Premiums

Premiums shown in this summary with an asterisk(\*) are estimated premiums and are subject to audit.

For each audit period we will compute the earned premium for that period based on our audit. If as a result of our audit additional premiums are due, they are payable upon notice to the First Named Insured. If the premium paid is greater than the earned premium, we will return the excess to the first Named Insured. The audit period will be determined by the company and will be that period of time which we deem appropriate for adjustment of those policy premiums which are subject to audit. The first Named Insured must keep records of the information we need to perform the audit and send us copies at such times as we may request.

#### Coverage

#### PROPERTY INSURANCE SECTION

#### TOTAL

~~This contract is registered and delivered as a surplus~~  
line coverage under the insurance code of the State of Washington, enacted in 1947. It is not issued by a company regulated by the Washington State Insurance Commissioner and is not protected by any Washington State Guaranty Fund Law."  
SWETT & CRAWFORD

#### Premium \*

\$ 48,270

\$ 48,270

Issue Date: JUNE 13, 2007

Form 10-02-1148 (Ed. 1-02)

Premium Summary

Service Fee

State Tax

Stamping Fee

Inspection Fee

1500.  
993.40  
124.43

continued

Page 1

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**Premium Summary**  
(continued)

**Payment Plan**

This policy premium is being billed as follows. The amounts shown are due and payable as of the dates shown below:

**Date Payment Due**

JUNE 1, 2007

**Amount Due**

\$ 48,270.00





## **Market Choice Protection by Chubb<sup>SM</sup>**

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### ***Table Of Contents***

This Table Of Contents is provided to acquaint you with the overall organization of this policy.

#### **POLICY ORGANIZATION**

Insuring Agreement

Premium Summary

Property Insurance Section

Property Schedule Of Forms & Declarations

Property Contracts \*

Property Endorsements

Common Policy Section

Common Policy Endorsements

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\* Note: Each contract within a section has its own Table Of Contents to facilitate your use of them.



**Market Choice Protection  
by Chubb<sup>SM</sup>**

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**Premium Bill**

*Policy Period* JUNE 1, 2007 TO JUNE 1, 2008  
*Effective Date* JUNE 1, 2007  
*Policy Number* 7949-17-96  
*Insured* PUGET SOUND TRUCK LINES, INC  
DBA PUGET SOUND FREIGHT LINES, INC.  
*Name of Company* CHUBB CUSTOM INSURANCE COMPANY  
*Date Issued* JUNE 13, 2007

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**Portion of total premium attributable for terrorism and statutory standard fire where applicable  
is \$ 200.00**

PLEASE SEND PAYMENT TO AGENT OR BROKER.

<u>Date Payment Due</u>	<u>Premium</u>
JUNE 1, 2007	\$ 48,270.00
<b>TOTAL</b>	<b>\$ 48,270.00</b>

WHEN SENDING PAYMENT, PLEASE INDICATE POLICY NUMBER ON YOUR CHECK.

NOTE: PLEASE RETURN THIS BILL WITH PAYMENT AND INCLUDE ANY ADDITIONAL CHANGES.

Producer:  
SWETT & CRAWFORD  
720 OLIVE WAY  
SEATTLE, WA 98101-0000



## **IMPORTANT NOTICE TO POLICYHOLDERS**

### **TERRORISM RISK INSURANCE ACT OF 2002**

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This Important Notice is being provided with your policy to further satisfy the disclosure requirements of the Terrorism Risk Insurance Act of 2002 ("TRIA").

At the time you received the written offer for this policy, we provided you with an Important Notice to Policyholders indicating that the insurance provided in your policy for losses caused by certain acts of terrorism (as defined in TRIA) would be partially reimbursed by the United States of America, pursuant to the formula set forth in TRIA. In addition, as required by TRIA, we:

- indicated that we would make available insurance for such losses in the same manner as we provide insurance for other types of losses;
- specified the premium we would charge, if any, for providing such insurance; and
- except to the extent prohibited by law, gave you the opportunity to reject such insurance and have a terrorism exclusion, sublimit or other limitation included in your policy.

This Important Notice refers back to that Important Notice and provides information about your decision and the manner in which your policy has been subsequently modified.

If:

- You rejected terrorism insurance under TRIA, your policy includes the appropriate amendatory endorsement(s).
- You did not reject terrorism insurance under TRIA, the premium charged for your policy, including that portion applicable to terrorism insurance under TRIA, is shown in your policy. To the extent your policy includes a limitation on terrorism insurance, it has been modified so that such limitation does not apply to terrorism insurance under TRIA.

Please carefully review your policy and the Important Notice previously provided to you for further details. Please remember that only the terms of your policy establish the scope of your insurance protection.

**Please note that if your policy:**

- ***provides commercial property insurance in a jurisdiction that has a statutory standard fire policy, the premium we charge for terrorism insurance under TRIA, includes an amount attributable to the insurance provided pursuant to that standard fire policy. Rejection of such statutory insurance is legally prohibited.***
- ***is a workers compensation policy, rejection of insurance for terrorism is legally prohibited.***



## **IMPORTANT NOTICE TO POLICYHOLDERS**

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**This Important Notice is not your policy. Please read your policy carefully to determine your rights, duties, and what is and what is not covered. Only the provisions of your policy determine the scope of your insurance protection.**

**THIS IMPORTANT NOTICE PROVIDES INFORMATION CONCERNING POSSIBLE IMPACT ON YOUR INSURANCE COVERAGE DUE TO COMPLIANCE WITH APPLICABLE TRADE SANCTION LAWS.**

**PLEASE READ THIS NOTICE CAREFULLY.**

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Various trade or economic sanctions and other laws or regulations prohibit us from providing insurance in certain circumstances. For example, the United States Treasury Department's Office of Foreign Asset Control (OFAC) administers and enforces economic and trade sanctions and places restrictions on transactions with foreign agents, front organizations, terrorists, terrorists organizations, and narcotic traffickers. OFAC acts pursuant to Executive Orders of the President of the United States and specific legislation, to impose controls on transactions and freeze foreign assets under United States jurisdiction. (To learn more about OFAC, please refer to the United States Treasury's web site at <http://www.treas.gov/ofac>.)

To the extent that you or any other insured, or any person or entity claiming the benefits of this insurance has violated any applicable sanction laws, this insurance will not apply.

We have added a condition or section that applies to the entire policy called Compliance With Applicable Trade Sanctions, which stipulates that your insurance policy does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance.



## ***Important Notice – Reporting Condition***

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If a coverage is subject to a reporting condition, any additional or return premium will be computed using the rates and rules in effect as of the effective date of the policy, or if this is a renewal, using the rates and rules in effect as of the effective date of the renewal.



## **Market Choice Protection by Chubb<sup>SM</sup>**

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### ***How To Report A Loss***

To report a **Loss**, use the following procedure.

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#### **Loss Notification**

If an **Insured Person** has a **Loss**, please contact us by telephone as soon as possible for further assistance:

Telephone Number: 1-800-252-4670

24 hours a day, 7 days a week

#### **Fax Number**

You may also fax the loss report during normal business hours to:

Fax Number: 1-800-300-2538

#### **Mailing Address**

You may mail your loss report to the following address:

Chubb Group Of Insurance Companies  
Claim Service Center  
600 Independence Parkway  
P.O. Box 4700  
Chesapeake, Va. 23327-4700

***Property Insurance Section***

***Declarations***



## Property Insurance

### Schedule of Forms

*Policy Period* JUNE 1, 2007 TO JUNE 1, 2008  
*Effective Date* JUNE 1, 2007  
*Policy Number* 7949-17-96  
*Insured* PUGET SOUND TRUCK LINES, INC  
DBA PUGET SOUND FREIGHT LINES, INC.  
*Name of Company* CHUBB CUSTOM INSURANCE COMPANY  
*Date Issued* JUNE 13, 2007

The following is a schedule of forms issued as of the date shown above:

<i>Form Number</i>	<i>Edition Date</i>	<i>Form Name</i>	<i>Effective Date</i>	<i>Date Issued</i>
10-02-1079	1-02	PROPERTY SUPPLEMENTARY DECLARATIONS	06/01/07	06/13/07
10-02-1081	1-02	BUILDING AND PERSONAL PROPERTY - ALL RISKS	06/01/07	06/13/07
10-02-1082	1-02	BUSINESS INCOME (WITH EXTRA EXPENSE)	06/01/07	06/13/07
10-02-1083	1-02	GENERAL PROVISIONS	06/01/07	06/13/07
10-02-1128	1-02	BIOLOGICAL AGENTS - PROP PROVISIONS- ALL RISK	06/01/07	06/13/07
10-02-1130	1-02	BIOLOGICAL AGENTS- BI & EE - ALL RISK	06/01/07	06/13/07
80-02-0005	4-94	PROPERTY DECLARATIONS	06/01/07	06/13/07
80-02-1045	2-98	PROPERTY/BUSINESS INCOME GLOBAL EXTENSION	06/01/07	06/13/07
80-02-1342	4-94	BPP AND PPO EXCLUSION	06/01/07	06/13/07
80-02-1342	4-94	VALUATION BASIS ENDORSEMENT	06/01/07	06/13/07
80-02-1412	8-98	DATE RECOGNITION EXCLUSION	06/01/07	06/13/07
80-02-1416	1-99	ORDINANCE OR LAW ADDED - ESSENTIAL	06/01/07	06/13/07
80-02-1935	6-03	EXCL. OF CERTIFIED ACTS-INCL. ENSUING FIRE	06/01/07	06/13/07
80-02-5161	1-06	POST-TRIA CONDITIONAL EXCLUSION OF TERRORISM	06/01/07	06/13/07
80-02-5542	1-06	WA - POST-TRIA CONDITIONAL EXCL. OF TERRORISM	06/01/07	06/13/07

last page





## Property Insurance

### Declarations

#### Named Insured and Mailing Address

PUGET SOUND TRUCK LINES, INC  
DBA PUGET SOUND FREIGHT LINES, INC.  
P.O. BOX 24526  
SEATTLE, WA 98124

**Chubb Group of Insurance Companies**  
**15 Mountain View Road**  
**Warren, NJ 07059**

Policy Number 7949-17-96

Effective Date JUNE 1, 2007

Issued by the stock insurance company  
indicated below, herein called the company.

**CHUBB CUSTOM  
INSURANCE COMPANY**

Producer No. 0052888-99999

Producer SWETT & CRAWFORD  
720 OLIVE WAY  
SEATTLE, WA 98101-0000

Incorporated under the laws of  
DELAWARE

### Policy Period

From: JUNE 1, 2007 To: JUNE 1, 2008  
12:01 A.M. standard time at the Named Insured's mailing address shown above.

The following displays the premises covered under this insurance.

### Premises Summary

PREMISES #1	3480 W MARGINAL WAY SW SEATTLE, WASHINGTON 98106	BLDG # 1
	MORTGAGEE:	PUGET SOUND BANK, MORTGAGEE 10500 NE 8TH STREET, SUITE 1800 BELLEVUE, WA 98004 LOAN #300124302
	3480 W MARGINAL WAY SW SEATTLE, WASHINGTON 98106	BLDG # 2
DESC:	LARGE DOCK AND RETAINING WALL	
	MORTGAGEE:	PUGET SOUND BANK, MORTGAGEE 10500 NE 8TH STREET, SUITE 1800 BELLEVUE, WA 98004 LOAN #300124302

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**Premises Summary**  
(continued)

3480 W MARGINAL WAY SW  
SEATTLE, WASHINGTON 98106

BLDG # 3

DESC: SMALL DOCK

MORTGAGEE:

PUGET SOUND BANK, MORTGAGEE  
10500 NE 8TH STREET, SUITE 1800  
BELLEVUE, WA 98004  
LOAN # 300124302



## Property Insurance

### Declarations

#### Named Insured and Mailing Address

PUGET SOUND TRUCK LINES, INC  
DBA PUGET SOUND FREIGHT LINES, INC.  
P.O. BOX 24526  
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Producer SWETT & CRAWFORD  
720 OLIVE WAY  
SEATTLE, WA 98101-0000

### Policy Period

From: JUNE 1, 2007 To: JUNE 1, 2008  
12:01 A.M. standard time at the Named Insured's mailing address shown above.

**Deductible** \$ 10,000

The deductible shown above applies to all coverages, except Business Income and Extra Expense, contained within the Property Insurance Section of this policy unless a specific coverage deductible is shown below.

The following displays the coverages provided at the premises stated below:

### Premises Coverages

#### Premises Coverages - Specific Limits

PREMISES #1 3480 W MARGINAL WAY SW BLDG # 1  
SEATTLE, WASHINGTON 98106

COVERAGES - BLDG # 1

BUILDING

LIMIT OF INSURANCE \$ 6,000,000

---

**Premises Coverages**  
(continued)

**PERSONAL PROPERTY**

LIMIT OF INSURANCE \$ 500,000

**BUSINESS INCOME WITH EXTRA EXPENSE**

LIMIT OF INSURANCE \$ 682,000

WAITING PERIOD 72 HOURS

**BUSINESS INCOME**

**LOSS OF UTILITIES**

LIMIT OF INSURANCE \$ 100,000

WAITING PERIOD 72 HOURS

**DEBRIS REMOVAL**

LIMIT OF INSURANCE \$ 1,000,000

**PERSONAL PROPERTY OF OTHERS**

LIMIT OF INSURANCE \$ 2,000,000

DEDUCTIBLE \$ 10,000

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**PREMISES #1**

3480 W MARGINAL WAY SW  
SEATTLE, WASHINGTON 98106

BLDG # 2

DESC: LARGE DOCK AND RETAINING WALL

**COVERAGES - BLDG # 2**

**BUILDING**

LIMIT OF INSURANCE \$ 2,890,175

---

**PREMISES #1**

3480 W MARGINAL WAY SW  
SEATTLE, WASHINGTON 98106

BLDG # 3

DESC: SMALL DOCK

**COVERAGES - BLDG # 3**

**BUILDING**

LIMIT OF INSURANCE \$ 253,125

---

**Additional Coverages**

**ORDINANCE AND LAWS A.B.C**

LIMIT OF INSURANCE INCLUDED



## Property Insurance

### Supplementary Declarations

*Named Insured and Mailing Address*

PUGET SOUND TRUCK LINES, INC  
DBA PUGET SOUND FREIGHT LINES, INC.  
P.O. BOX 24526  
SEATTLE, WA 98124

**Chubb Group of Insurance Companies**  
**15 Mountain View Road**  
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*Policy Number* 7949-17-96

*Effective Date* JUNE 1, 2007

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*Producer No.* 0052888-99999

*Incorporated under the laws of  
DELAWARE*

*Producer* SWETT & CRAWFORD  
720 OLIVE WAY  
SEATTLE, WA 98101-0000

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### Policy Period

From: JUNE 1, 2007 To: JUNE 1, 2008  
12:01 A.M. standard time at the Named Insured's mailing address shown above.

---

### Property Coverages

The Limits Of Insurance shown below are provided for the Additional Coverages shown at no additional cost to you.

Except for Any Other Location, these Limits Of Insurance apply separately at each premises shown in the Declarations.

You may purchase increased Limits Of Insurance, and we will charge you an additional premium. If you purchase increased Limits Of Insurance for any of these Additional Coverages, the Limits Of Insurance shown in the Declarations will reflect your total Limit Of Insurance, including the Limits Of Insurance shown below. Any applicable deductible will be shown in the Declarations with the Additional Coverage. If no deductible is shown in the Declarations with the Additional Coverage, then the Property Deductible will apply.

---

#### Additional Property Coverages

#### Limit Of Insurance

##### ANY OTHER LOCATION

BUILDING COMPONENTS OR PERSONAL PROPERTY \$ 10,000

##### DEBRIS REMOVAL

PREMISES SHOWN IN THE DECLARATIONS \$ 15,000

ANY OTHER LOCATION \$ 10,000

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**Additional Property Coverages****Limit Of Insurance**

<i>FIRE DEPARTMENT SERVICE CHARGES</i>	<i>\$ 2,500</i>
<i>ORDINANCE OR LAW</i>	<i>\$ 10,000</i>
<i>OUTDOOR PROPERTY</i>	<i>\$ 2,500</i>
<i>PERSONAL PROPERTY OF OTHERS</i>	<i>\$ 5,000</i>
<i>POLLUTANT CLEAN-UP OR REMOVAL</i>	<i>\$ 10,000</i>

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The following displays the Coverages and the applicable Limits Of Insurance for:

**Newly Acquired Premises or Newly Acquired Or Constructed Property****Coverages****Limit Of Insurance**

<i>BUILDING</i>	<i>\$ 250,000</i>
<i>PERSONAL PROPERTY</i>	<i>\$ 100,000</i>

You may purchase increased Limits Of Insurance for any of the Newly Acquired Premises or Newly Acquired or Constructed Property Limits Of Insurance shown above and we will charge you an additional premium. If you purchase such increased Limits Of Insurance, the Limits Of Insurance shown in the Declarations will reflect your total limit, including the Limits Of Insurance shown above.



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Authorized Representative

# **Property Insurance**

## **Building And Personal Property**

### **Table Of Contents**

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PROPERTY

CONTRACT

BUILDING AND PERSONAL PROPERTY

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## ***Building And Personal Property***

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### ***Contract***

Words and phrases that appear in **bold** print have special meanings and are defined in the Definitions section of the General Provisions form included in this policy and the Amended Definition section of this contract.

Throughout this contract, the words "you" and "your" refer to the Named Insured shown in the Declarations of this policy. The words "we," "us" and "our" refer to the company providing this insurance.

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### ***Coverage***

#### ***Building Or Personal Property***

We will pay for direct physical loss or damage to **building** or **personal property** caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Building or Personal Property shown in the Declarations.

The loss or damage must occur at the premises shown in the Declarations, or for **personal property**, within 100 feet of the premises shown in the Declarations, unless otherwise stated.

This coverage applies only at those premises for which a Limit Of Insurance for Building or Personal Property is shown in the Declarations.

---

#### ***Newly Acquired Premises***

We will pay for direct physical loss or damage to:

- **building** under construction at existing premises; and
- **building** or **personal property** at newly acquired premises,

caused by or resulting from a peril not otherwise excluded, not to exceed the Limit Of Insurance for Building or Personal Property shown in the Declarations under Newly Acquired Premises or Newly Acquired or Constructed Property.

This coverage applies until the first of the following occurs:

- you report the value of the **building** or **personal property** at the newly acquired premises to us;
- 30 days pass from the date you acquire the premises or construction begins on the **building**; or
- this policy expires.

We will charge you additional premium for the reported values from the date you acquire the premises or construction begins on the **building**.

---

#### ***Extension Of Coverage***

The following extension of coverage is included under your coverage for **building** or **personal property** and is subject to the applicable Limit Of Insurance for Building or Personal Property shown in the Declarations.

#### ***Removal***

We will pay for direct physical loss or damage to **building components** or **personal property** while:

- being moved to another location or returned from such location to its original location; or

---

## **Extension Of Coverage**

### **Removal (continued)**

- temporarily stored at another location for up to 30 days,

if you must move the **building components** or **personal property** from such location to preserve it from imminent loss or damage caused by or resulting from a peril not otherwise excluded.

---

## **Additional Coverages**

Except for:

- Any Other Location;
- Deferred Payments;
- Electronic Data Recovery Costs;
- Installation; or
- Personal Property In Transit,

the following Additional Coverages are provided at each covered premises only if a Limit Of Insurance for such Additional Coverages at each covered premises is shown in the Declarations.

### **Any Other Location**

We will pay for direct physical loss or damage to **personal property** or **building components** caused by or resulting from a peril not otherwise excluded while such property is away from the premises shown in the Declarations, if such property is:

- temporarily at a location you do not own, lease or operate;
- in storage at a location you lease, provided the lease was executed after the beginning of the policy period; or
- at an exhibition, fair or trade show,

not to exceed the Limit of Insurance for Personal Property or Building Components shown under Any Other Location in the Declarations.

This Additional Coverage does not apply to:

- **salespersons' samples;**
- **personal property** at a newly acquired premises;
- **personal property** at a job site or temporarily warehoused elsewhere awaiting installation at the job site;
- **personal property** while in transit;
- **electronic data processing property;** or
- **fine arts.**

This Additional Coverage applies only if a Limit Of Insurance for Personal Property or Building Components is shown under Any Other Location in the Declarations.

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## Building And Personal Property

### Additional Coverages (continued)

#### Consequential Loss

We will pay for the consequential loss to undamaged **personal property** that is part of:

- your product; or
- any product in your care, custody or control,

which has become unmarketable as a complete product, because of covered direct physical loss or damage to **personal property** which is part of the same product, not to exceed the applicable Limit Of Insurance for Consequential Loss shown in the Declarations.

This Additional Coverage applies only when you have purchased a Limit Of Insurance for **personal property**.

#### Debris Removal

A. We will pay for the costs you incur to:

1. demolish and remove debris of damaged:

- a. **building, personal property or personal property of others** at the premises shown in the Declarations;
- b. **personal property** at any other location; or
- c. **building components** that are temporarily at a premises not shown in the Declarations,

caused by or resulting from a peril not otherwise excluded that occurs during the policy period; or

2. remove debris of **outdoor property** at the premises shown in the Declarations caused by or resulting from fire, lightning, explosion, riot or civil commotion that occurs during the policy period.

B. The most we will pay for debris removal is the lesser of:

- 1. 25% of the covered direct physical loss or damage; or
- 2. the remaining applicable Limit Of Insurance for Building, Personal Property, Personal Property Of Others or Outdoor Property shown in the Declarations, after payment of the covered direct physical loss or damage.

C. If the amount in B. above is insufficient to pay the debris removal, we will pay the remaining debris removal, subject to the applicable Limit Of Insurance shown under Debris Removal in the Declarations.

D. Debris removal will be paid only if:

- 1. reported to us in writing within 180 days of the date of the direct physical loss or damage to the **building, personal property, personal property of others or outdoor property**; and
- 2. a Limit Of Insurance applicable to the damaged **building, personal property, personal property of others or outdoor property** is shown in the Declarations.

E. Debris removal does not apply to costs to:

- 1. a. clean up or remove **pollutants** from land, water or air; or

---

## **Additional Coverages**

### **Debris Removal** *(continued)*

- b. clean up, remove, restore or replace polluted land, water or air, either inside or outside of a **building**; or
- 2. demolish and clear the site of the undamaged portion of the **building**.

---

### **Deferred Payments**

We will pay for your interest in **personal property** that suffers direct physical loss or damage caused by or resulting from a peril not otherwise excluded and sold by you under a conditional sale or trust agreement or any installment or deferred payment plan:

- while **in transit** to buyers; or
- after delivery to buyers,

not to exceed the applicable Limit Of Insurance for Deferred Payments shown in the Declarations.

This Additional Coverage does not apply to default by the buyer of such agreement or plan.

This Additional Coverage applies only if a Limit Of Insurance for Deferred Payments is shown in the Declarations.

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### **Electronic Data Recovery Costs**

We will pay for **electronic data recovery costs** as a result of direct physical loss or damage to **electronic data** or a **system** caused by or resulting from **malicious programming**.

The most we will pay at all premises for the sum of such **electronic data recovery costs** that occur during each separate 12-month policy period is \$5,000, regardless of whether this Additional Coverage appears in any other contract or contracts that form a part of this policy.

---

### **Fire Department Service Charges**

We will pay the charges you:

- assume under any contract or agreement that was in effect at the time of the direct physical loss or damage; or
- are required to pay by local ordinance,

if the fire department is called to save or protect your **building** or **personal property** from direct physical loss or damage caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Fire Department Service Charges shown in the Declarations.

---

### **Installation**

We will pay for direct physical loss or damage to **personal property** caused by or resulting from a peril not otherwise excluded while such **personal property** is:

- A. at a job site or temporarily warehoused elsewhere:
  - 1. awaiting and during installation;
  - 2. awaiting and during tests; or
  - 3. awaiting acceptance by the buyer,

not to exceed the applicable Limit Of Insurance for Any Job Site shown under Installation in the Declarations; or

- B. **in transit** to or from such job site or temporary warehouse, not to exceed the applicable Limit Of Insurance for In Transit shown under Installation in the Declarations.



## Building And Personal Property

### Additional Coverages

#### Installation (continued)

We will not pay for any loss or damage to:

- **personal property** not a part of or destined to become part of the installation;
- tools; or
- **contractors' equipment.**

This Additional Coverage ends when the first of the following occurs:

- your interest in the **personal property** ceases;
- the buyer accepts the **personal property**;
- the **personal property** is put to use for its intended purpose; or
- this policy is terminated.

This Additional Coverage applies only if a Limit Of Insurance for Any Job Site or In Transit is shown under Installation in the Declarations.

#### Inventory Or Appraisals

We will pay for the cost of any inventory or appraisal that we require from you to determine the extent of direct physical loss or damage to **building, personal property, personal property of others or outdoor property**, not to exceed the applicable Limit Of Insurance for Inventory or Appraisals shown in the Declarations.

#### Loss Prevention Expenses

We will pay the reasonable and necessary costs you incur to protect **building or personal property** at the premises shown in the Declarations from imminent direct physical loss or damage caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Loss Prevention Expenses shown in the Declarations.

To the extent possible, you must notify us of your intent to incur such cost before you take any loss prevention action.

In any event, you must notify us within forty-eight (48) hours after you have taken any loss prevention action.

#### Non-owned Detached Trailers

We will pay for direct physical loss or damage to trailers you do not own caused by or resulting from a peril not otherwise excluded, provided that:

- the trailer is used in your business;
- the trailer is in your care, custody or control at the premises shown in the Declarations; and
- you are contractually liable to pay for the loss or damage to the trailer.

The most we will pay in any one occurrence under this Additional Coverage is \$5,000.

This Additional Coverage does not apply to loss or damage that occurs:

- while the trailer is attached to any motor vehicle or other motorized conveyance, whether or not the motor vehicle or other motorized conveyance is in motion; or

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## **Additional Coverages**

### **Non-Owned Detached Trailers (continued)**

- during hitching or unhitching operations, or when the trailer becomes accidentally unhitched from a motor vehicle or other motorized conveyance.

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### **Ordinance Or Law**

If:

- there is an ordinance or law in effect at the time of loss or damage that regulates zoning, land use or construction of a **building**; and
- such ordinance or law affects the repair or replacement of the lost or damaged **building**; and
- you repair or replace the **building** as soon as reasonably possible,

we will pay for the:

- replacement cost of the undamaged portion of the **building**, unless the loss payment basis shown in the Declarations is actual cash value, then we will pay the actual cash value of the undamaged portion of the **building**;
- cost to demolish and clear the site of the undamaged portion of the **building**; and
- increased cost to repair or replace the **building** to the same general size to the minimum standards of such ordinance or law, but only if the **building** is valued on a replacement cost basis and you repair or replace the **building**,

not to exceed the applicable Limit of Insurance for Ordinance Or Law shown in this Declarations.

This Additional Coverage does not apply to the costs:

- for land, water or air, either inside or outside of a **building**;
- for paved or concrete surfaces, retaining walls, foundations or supports below the surface of the lowest floor or basement, unless specifically covered by this policy, or **outdoor property**;
- incurred outside the legal property boundary of the premises shown in the Declarations; or
- for any ordinance or law that you were required to, but failed to, comply with before the loss.

When direct physical loss or damage is caused by or results from both:

- a peril not otherwise excluded; and
- an excluded peril,

we will not pay the costs attributable to the excluded peril. Instead, we will pay that portion of additional costs that are equal to the proportion that the covered direct physical loss or damage bears to the total direct physical loss or damage, unless the ordinance or law applies solely to that portion of **building** which suffered the covered direct physical loss or damage.

---

### **Outdoor Property**

We will pay for direct physical loss or damage to **outdoor property** caused by or resulting from:

- fire;



## Building And Personal Property

### Additional Coverages

#### Outdoor Property (continued)

- lightning;
- explosion;
- riot or civil commotion; or
- aircraft or self-propelled missiles,

not to exceed the applicable Limit Of Insurance for Outdoor Property shown in the Declarations.

The loss or damage must occur at, or within 100 feet of, the premises shown in the Declarations.

#### Personal Property In Transit

We will pay for direct physical loss or damage to **personal property** while **in transit** caused by or resulting from:

- fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism;
- motor vehicle "collision", upset or overturn; or
- theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the motor vehicle, which shows visible marks of forced entry.

The most we will pay in any one occurrence under this Additional Coverage is \$5,000.

"Collision" means accidental contact of a motor vehicle you own, lease or operate with another vehicle or object. "Collision" does not mean such vehicle's contact with the roadbed.

#### Personal Property Of Others

We will pay for direct physical loss or damage to **personal property of others** caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Personal Property Of Others shown in the Declarations.

The loss or damage must occur at, or within 100 feet of, the premises shown in the Declarations.

#### Pollutant Clean-up Or Removal

We will pay the costs you incur to clean up or remove **pollutants** from land, water or air, either inside or outside of a **building** at the premises shown in the Declarations, if the discharge, dispersal, seepage, migration, release or escape of the **pollutants** is caused by or results from a peril not otherwise excluded.

The costs will be paid only if they are reported to us in writing within 180 days of the date the peril occurred which caused or resulted in the discharge, dispersal, seepage, migration, release or escape of the **pollutants**.

The applicable Limit Of Insurance shown in the Declarations for Pollutant Clean-up Or Removal is the most we will pay at the premises for the sum of all such covered costs caused by or resulting from perils not otherwise excluded that occur during each separate 12-month policy period.

We will not pay for the costs to test for, monitor, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **pollutants**, other than payment for testing that is performed during the clean up or removal of the **pollutants** from the land, water or air, either inside or outside of a **building**.

---

## **Additional Coverages**

(continued)

### **Valuable Papers And Records**

We will pay for direct physical loss or damage to **valuable papers** caused by or resulting from a **specified peril** or **building collapse**.

The most we will pay in any one occurrence under this Additional Coverage is \$2,500.

The loss or damage must occur at, or within 100 feet of, the premises shown in the Declarations.

---

## **Exclusions**

### **Policy Exclusions**

The following exclusions apply to all Coverages, Extensions of Coverage and Additional Coverages in this contract and are described in the Exclusions section of the General Provisions form included in this policy:

- Governmental Action
- Nuclear Hazard
- War And Military Action

---

### **Exclusions, Except Electronic Data Recovery Costs**

In addition to the exclusions shown in the Policy Exclusions section, the following exclusions apply to all Coverages, Extension of Coverages and Additional Coverages in this contract, except for Electronic Data Recovery Costs Additional Coverage, and are described in the Exclusions section of the General Provisions form included in this policy:

- Acts Or Decisions
- Agricultural Smudging Operations
- Artificial Electrical Current
- Business Errors
- Change In Flavor
- Change In Temperature
- Collapse
- Continuous Or Repeated Seepage Of Water
- Disappearance
- Dishonesty
- Earth Movement (Other Than Earthquake)
- Earthquake
- Electric Arcing
- Electronic Data
- Errors In Systems Programming
- Flood
- Inherent Vice/Latent Defect
- Insects Or Animals





## ***Building And Personal Property***

### ***Exclusions***

***Exclusions, Except  
Electronic Data  
Recovery Costs  
(continued)***

- Leakage From Freezing
- Loss Of Market
- Marring Or Scratching
- Mechanical Breakdown
- Neglect
- Ordinance Or Law
- Personal Property In The Open
- Planning, Design, Materials Or Maintenance
- Pollutants
- Rust
- Settling
- Spoilage
- Steam Boiler
- Utility Services
- Voluntary Parting
- Wear And Tear

---

### ***Limits Of Insurance***

Except as provided under Pollutant Clean-up Or Removal, the most we will pay in any one occurrence is the amount of loss or damage, not to exceed the applicable Limit Of Insurance shown in the Declarations.

If any Coverage or Additional Coverage appears in more than one contract which form a part of this policy, unless otherwise specified, the applicable Limit Of Insurance shown in the Declarations for such Coverage or Additional Coverage is the most we will pay in any one occurrence, regardless of the number of contracts in which such Coverage or Additional Coverage appears.

---

### ***Automatic Increase In Limits***

The Limits Of Insurance for Building or Personal Property will automatically increase by the annual percentage shown in the Declarations under Automatic Increase In Limits. At the time of loss or damage, the amount of increase will be determined by multiplying the applicable Limit Of Insurance shown in the Declarations by the percentage of annual increase applied on a pro rata basis.

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## **Limits Of Insurance**

(continued)

### **Loss Or Damage By Theft - Special Limits**

The most we will pay in any one occurrence for loss or damage caused by or resulting from theft of furs, fur garments and garments trimmed with fur is \$2,500.

The most we will pay in any one occurrence for loss or damage caused by or resulting from theft of jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals is \$2,500. This limit does not apply to jewelry and watches worth \$100 or less per item.

The most we will pay in any one occurrence for loss or damage caused by or resulting from theft of patterns, molds, dies and forms is \$2,500.

The most we will pay in any one occurrence for loss or damage caused by or resulting from theft of stamps, tickets, including lottery tickets held for sale and letters of credit is \$250.

These special limits are part of, not in addition to, the applicable Limit Of Insurance.

---

### **Outdoor Signs**

The most we will pay in any one occurrence for direct physical loss or damage caused by or resulting from a peril not otherwise excluded to outdoor signs attached to any **building** is \$1,000 per sign.

---

### **Deductible**

Subject to the applicable Limit Of Insurance, we will pay the amount of loss or damage, after application of coinsurance if applicable to this policy, in excess of the applicable deductible amount shown in the Declarations for each occurrence.

If two or more deductibles apply to the same occurrence, only the largest single deductible will apply, unless otherwise stated.

---

### **Loss Payment Basis**

The Loss Payment Basis provisions applicable to this contract are contained in the Loss Payment Basis section of the General Provisions form included in this policy. Any exceptions applicable to such Loss Payment Basis provisions are described below in the Loss Payment Basis Exceptions of this contract.

---

### **Loss Payment Basis Exceptions**

#### **Accounts Receivable Records, And Electronic Data Processing Media**

**Accounts receivable records** and **electronic data processing media**, other than prepackaged software programs, are valued based on the cost of blank materials and the cost of copying data onto blank materials from a duplicate source on the same type of materials.

---

#### **Building Glass**

Glass in **buildings** is valued at the cost of repair or replacement with safety glazing material, if required by law.

We will also pay for expenses incurred to:

- put up temporary plates or board up openings, if repair or replacement of lost or damaged glass is delayed; and



## Building And Personal Property

### Loss Payment Basis Exceptions

#### Building Glass (continued)

- remove or replace obstructions, not including window displays, when repairing or replacing glass that is part of a **building**.

#### Finished Stock And Sold Personal Property

**Finished stock** and sold **personal property** completed and awaiting delivery are valued based on your selling price less the value of discounts and costs you would have incurred.

#### Gold, Gold Salts And Other Precious Metals

Gold, gold salts and other precious metals are valued based on the average market cost for replacement as published by the American Metals Market during the period of 10 business days immediately preceding the date of loss or damage, or the actual sum you pay for replacement, whichever is less.

#### Personal Property Of Others

**Personal property of others** is valued on the same basis as **personal property**, subject to all other exceptions described under Loss Payment Basis Exceptions, but we will not pay more than the amount for which you are contractually liable.

Labor, materials and services that you furnish or arrange on **personal property of others** are valued based on the actual cost of the labor, materials and services.

#### Stock In Process

**Stock in process** is valued based on the cost of raw materials and costs expended as of the date of loss or damage.

#### Tenant's Improvements And Betterments

**Tenant's improvements and betterments** are valued based at a proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

- multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
- divide the amount determined in a. above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

We will not pay for that part of any lost or damaged **tenant's improvements and betterments** which is paid by others.

#### Valuable Papers And Records

**Valuable papers** are valued on the full cost of replacement or reproduction at the time of direct physical loss or damage when the **valuable papers** are actually replaced or reproduced.

If the **valuable papers** are not replaced or reproduced, the value is based on the cost of blank materials.

---

## **Loss Payment Basis Exceptions**

### **Valuable Papers And Records (continued)**

This valuation applies only to **valuable papers** covered under the Valuable Papers And Records Additional Coverage.

---

## **Loss Payment Limitations**

### **Animals**

We will not pay for loss or damage to animals, unless such loss or damage is caused by or results from a **specified peril** or breakage of glass in **buildings**, and then only if they are killed or their destruction is made necessary.

---

### **Builder's Machinery, Tools And Equipment**

We will not pay for loss or damage to builders' machinery, tools and equipment owned by you or entrusted to you which are more than 100 feet away from premises shown in the Declarations, unless such loss or damage is caused by or results from a **specified peril** or breakage of glass in **buildings**.

---

### **Cost To Repair Defect Of System Or Appliance**

We will not pay for the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes, except for the cost to repair or replace lost or damaged parts of an **automatic sprinkler system** if the damage:

- results in the discharge of any substance from an **automatic sprinkler system**; or
- is directly caused by or results from freezing.

---

### **Fragile Articles**

We will not pay for loss or damage caused by or resulting from breakage of statuary, marble, bric-a-brac, porcelains and similar fragile articles, unless such breakage is caused by or results from a **specified peril** or breakage of glass in **buildings**.

This Fragile Articles Loss Payment Limitation does not apply to:

- glass; or
- containers of property held for sale.

---

### **Hot Water Heaters**

We will not pay for loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, unless such loss or damage is caused by or results from explosion.

---

### **Interior Of Building**

We will not pay for loss or damage to:

- the interior of any **building**; or
- **personal property** in such **building**,

caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:



## **Building And Personal Property**

### **Loss Payment Limitations**

#### **Interior Of Building (continued)**

- the **building** first sustains loss or damage by a peril not otherwise excluded to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
- the loss or damage is caused by or results from thawing of snow, sleet or ice on the **building**.

#### **Steam Boilers, Steam Pipes, Steam Engines And Steam Turbines**

We will not pay for loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment, unless loss or damage is caused by or results from an explosion of gases or fuel within the:

- furnace of any fired vessel; or
- flues or passages through which the gases of combustion pass.

#### **Theft Of Building Materials And Supplies**

We will not pay for loss or damage to **building** materials and supplies not attached as part of the **building** or structure caused by or resulting from theft unless such **building** materials and supplies are held for sale by you.

#### **Conditions (Including Coverage Territory)**

The conditions applicable to this contract are contained in the Conditions section of the General Provisions form included in this policy. Any additional conditions are shown in the Additional Conditions section of this Contract.

### **Additional Conditions**

#### **Coinurance**

If a Coinsurance percentage is shown in the Declarations, we will not pay the full amount of any covered direct physical loss or damage if the value of lost or damaged **building** or **personal property** at the time of loss multiplied by the applicable coinsurance percentage shown in the Declarations exceeds the applicable Limit Of Insurance shown in the Declarations.

Instead, we will determine the most we will pay using the following steps:

1. multiply the value of lost or damaged **building** or **personal property** at the time of loss by the coinsurance percentage;
2. divide the Limit Of Insurance of such property by the figure determined in step 1;
3. multiply the total amount of loss, before application of any deductible, by the figure determined in step 2; and
4. subtract the deductible from the figure determined in step 3.

We will pay the amount determined in step 4 or the Limit Of Insurance, whichever is less.

Coinurance does not apply to:

- Newly Acquired Premises Coverage;
- Any Other Location Additional Coverage;
- Consequential Loss Additional Coverage;
- Deferred Payments Additional Coverage;

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## Additional Conditions

### Coinsurance (continued)

- Ordinance Or Law Additional Coverage;
- Installation Additional Coverage;
- Non-Owned Trailers Additional Coverage;
- Outdoor Property Additional Coverage;
- Personal Property In Transit Additional Coverage; or
- Valuable Papers And Records Additional Coverage.

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### Automatic Sprinkler System

If the property you own or use is protected by an **automatic sprinkler system**, you are required to maintain such system including any supervisory services.

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:

- knew of any suspension or impairment in the **automatic sprinkler system** and failed to notify us of that fact; or
- failed to maintain the **automatic sprinkler system** and supervisory service, over which you had control, in complete working order.

If any part of the **automatic sprinkler system** is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, no notification to us will be necessary if you can restore full protection within 48 hours.

---

### Vacancy

If a **building** where loss or damage occurs has been vacant for more than 60 consecutive days before such loss or damage occurs, we will not pay for any loss or damage caused by or resulting from:

- vandalism;
- leakage from fire protection equipment, unless you have protected the system against freezing;
- breakage of glass in **buildings**;
- water damage;
- theft; or
- attempted theft.

We will reduce the amount of loss or damage we would otherwise pay by 15% if such loss or damage is caused by or results from a peril not listed immediately above.

A **building** will be considered vacant if:

- A. you are tenant and the space you rent or lease does not contain sufficient **personal property** to conduct your normal business activities; or
- B. you are an owner and less than 31% of its total square footage is:
  - 1. rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; or



## ***Building And Personal Property***

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### ***Additional Conditions***

*Vacancy*  
(continued)

2. used by the **building** owner to conduct customary operations, and  
the rest of the **building** is not occupied.

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### ***Definitions***

The definitions applicable to this contract are contained in the Definitions section of the General Provisions form included in this policy. Any definitions(s) that replace the definitions(s) contained in the General Provisions form are shown in the Amended Definitions section of this contract.

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## **Building And Personal Property**

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### **Amended Definition**

#### ***In Transit***

**THE FOLLOWING AMENDED DEFINITION APPLIES WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:**

**In transit** means being shipped by a motor vehicle you own, lease or operate, from the time beginning:

- when, if shipped from your premises the property departs your premises; or
- when, if shipped from premises of others, the property is transferred into your care, custody or control;

and ending:

- when the property is accepted by, or on behalf of, the consignee at the intended destination;
- when the property is accepted by, or on behalf of, the consignee at any intermediate point short of reaching the original intended destination;
- at such point where you, or the owner of the property if other than you, order the property stopped and held pending instructions; or
- when, if shipped to your premises, the property arrives at your premises.

**In transit** includes ordinary, reasonable, and necessary stops, interruptions, delays, or transfers incidental to the route and method of shipment but not while at premises you own, lease or operate.

**In transit** does not mean:

- A. property shipped by mail, unless shipped by registered mail;
- B. import shipments, within the Coverage Territory, until such time as ocean marine insurance has ceased to cover such property;
- C. export shipments once:
  - 1. loaded on board any steamer or other watercraft; or
  - 2. ocean marine insurance has begun to cover such property,whichever occurs first; or
- D. property owned by others when you are acting as a carrier for hire.

This Amended Definition only applies to the Personal Property In Transit Additional Coverage.

# **Property Insurance**

## **Property/Business Income Global Extension**

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PROPERTY

INSURANCE

PROPERTY/BUSINESS INCOME  
GLOBAL EXTENSION

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## **Property/Business Income Global Extension**

### **Contract**

THE DELETIONS, MODIFICATIONS OR ADDITIONS CONTAINED IN THIS GLOBAL EXTENSION APPLY ONLY AS PROVIDED UNDER THE ADDITIONAL CONDITION TITLED APPLICABILITY OF THIS EXTENSION.

### **Coverage**

Subject to the applicable Limits Of Insurance and all the provisions of this policy, the coverages contained in this policy apply except when there is in force locally procured insurance. In such case the:

- Difference In Conditions Insurance; and/or
- Excess/Difference In Limits Insurance,

will apply, but in no event will such coverages:

- broaden the coverage provided by this policy; or
- increase the liability of the Chubb Group of Insurance Companies or any **authorized correspondent**.

### **Difference In Conditions Insurance**

We will pay for any loss or damage that is not covered under any other insurance, including **coinsurance deficiency**, provided such loss or damage is otherwise covered under the Property Section of this policy, subject to the applicable Limits Of Insurance shown in the Declarations and the provisions of this policy.

### **Excess/Difference In Limits Insurance**

We will pay for any loss or damage that is also covered under any other insurance, provided such loss or damage is otherwise covered under the property section of this policy, to the extent that:

- the limits of insurance of any such other insurance are insufficient to pay the loss or damage in full; or
- payment under any such other insurance is payable, but uncollectible because the insurer providing the insurance is bankrupt, in liquidation, insolvent or has delayed payment for a period of more than 180 days from the date you submitted a sworn proof of loss to such insurer.

We will pay only after the 180 day waiting period ends. During the waiting period, you must pursue the claim vigorously with the applicable insurer. You must reimburse us, unless we authorize otherwise, for any payment that we make as a result of such delay that is subsequently paid by the applicable insurer.

When covered loss or damage is not paid or is only partially paid because:

- the paying insurer is bankrupt, in liquidation or insolvent; or
- there has been a delay in payment for a period of more than 180 days,

you must submit a sworn proof of loss to us, even though you may have made a similar statement to the applicable insurer.

We will pay for covered loss or damage within 30 days after we receive your sworn proof of loss, if you have complied with all terms and conditions of this insurance and:

- we have reached agreement with you on the amount of such loss or damage; or

---

## Coverage

### *Excess/Difference In Limits Insurance (continued)*

- an appraisal award has been made.

Subject to the applicable Limit Of Insurance shown in the Declarations, we will pay:

- A. the amount of covered loss or damage that is excess of any amount paid under any other insurance, except as stated below under B. or C.;
- B. the difference between the full amount of the covered loss or damage which would have been payable under this policy in the absence of any other insurance and the amount of covered loss or damage that is paid under any other insurance issued by:
  - 1. the Chubb Group of Insurance Companies;
  - 2. any **authorized correspondent**; or
  - 3. any insurer (other than stated in 1. or 2. above) providing insurance on a pro rata or contributing basis with 1. or 2. above; or
- C. the difference between the full amount of the covered loss or damage which would have been payable under this policy in the absence of any other insurance and the amount of covered loss or damage that is paid or payable (even if uncollectible) under any insurance stated in any Required Specific Insurance endorsement made part of this policy.

We will not pay for any loss or damage:

- that would have been payable by any other insurer, other than us, another member of the Chubb Group of Insurance Companies or any **authorized correspondent**, when such other insurance is on a pro-rata or contributing basis with us, another member of the Chubb Group of Insurance Companies or any **authorized correspondent**; or
- if such other insurance is shown in any Required Specific Insurance endorsement made a part of this policy.

---

### **Extension Of Coverage**

The following Extension Of Coverage is included for the coverages shown below, if such coverages are otherwise provided in this policy, subject to the applicable Limits Of Insurance:

#### **Military Authority**

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**;
- **extra expense** you incur due to the actual or potential impairment of your **operations**;
- **net rental income** loss you incur; and
- **soft costs** you incur,

when a military authority prohibits access to:

- your premises;
- **dependent business premises**;
- **building under construction**; or



## Property/Business Income Global Extension

### Extension Of Coverage

#### Military Authority (continued)

- **renovations under construction.**

This prohibition must be caused by or result from direct physical loss or damage by a **covered peril** to property away from such:

- premises;
- **dependent business premises;**
- **building under construction;** or
- **renovations under construction.**

This coverage will begin immediately after the time the military authority prohibits access and will end:

- 30 consecutive days after this coverage begins; or
- when your **business income** or **net rental income** coverage ends,

whichever occurs first.

We will pay for direct physical loss or damage to insured **contractors' equipment** caused by or resulting from actions by a military authority in an attempt to avoid further loss or damage caused by or resulting from a peril not otherwise excluded.

This coverage does not apply if the direct physical loss or damage is caused by or results from earthquake or **flood**.

---

### Additional Coverages

The following additional coverages are added:

#### Neighbors And Tenants Liability

We will pay for the loss or damage you become legally obligated to pay by reason of liability imposed by the articles of the Napoleonic code or similar civil or commercial codes because of damage for which you are liable:

- as a tenant;
- when the consequences of such damage spread from your premises to the premises of neighbors and co-tenants; or
- as landlord, as a result of construction defects or lack of maintenance,

not to exceed the greater of:

- \$2,500,000; or
- the applicable Limit Of Insurance for Neighbors And Tenants Liability shown in the Declarations.

Only as respects Neighbors And Tenants Liability and except for the Limits Of Insurance:

- if you have any other neighbors and tenants liability insurance which is **admitted**, then the terms of that insurance are made part of this insurance; or

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## **Additional Coverages**

### **Neighbors And Tenants Liability** (continued)

- if you do not have any other neighbors and tenants liability insurance or you have other neighbors and tenants liability insurance which is **non-admitted**, then the terms of the broad-form neighbors and tenants liability insurance which is **admitted** in the jurisdiction where the loss or damage occurs, are made part of this insurance.

The applicable Limit Of Insurance for Neighbors And Tenants Liability insurance shown in this Additional Coverage or in the Declarations of this policy will continue to apply exclusively, even if the compulsory limits of insurance for neighbors and tenants liability insurance would be greater than those available under this insurance.

---

### **Tax Liability**

In the event that a loss covered under this policy cannot be paid in the country where the loss has occurred, we shall be liable for an additional loss payment should the effective local tax rate where the loss occurs be less than the effective tax rate in the country where the loss payments are to be made. Such additional loss payment shall be computed as follows:

1. Determine the effective tax rate percentage in the country where the loss occurred and subtract it from 100%;
2. Determine the effective tax rate percentage in the country where the loss payment is made and subtract it from 100%;
3. Divide the result determined in 1. above by the result determined in 2. above;
4. Multiply the result determined in 3. above by the amount of loss otherwise payable under this policy; and
5. Subtract the amount of loss otherwise payable under this policy from the result determined in 4. above.

Should the effective local tax rate where the loss occurs be equal to or greater than the effective tax rate in the country where loss payments are to be received, then the formula stated above shall not apply. The tax rates applicable shall be the respective corporate tax rates in effect for the fiscal year when the loss occurred.

The most we will pay for Tax Liability Coverage is the greater of:

- \$250,000; or
- the applicable Limit Of Insurance for Tax Liability shown in the Declarations.

---

## **Additional Exclusions**

The following additional exclusions apply to all coverage forms that comprise the property section of this policy.

### **Earthquake (Japan)**

This insurance does not apply to loss or damage caused by or resulting from earthquake that occurs in Japan, including its territorial waters, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,



## Property/Business Income Global Extension

### Additional Exclusions

#### Earthquake (Japan) (continued)

the loss or damage, even if such other cause or event would otherwise be covered.

This Earthquake (Japan) exclusion does not apply to ensuing loss or damage caused by or resulting from a **specified peril**, except for **leakage from fire protection equipment**.

#### Loss Advantage

This insurance does not apply to loss or damage sustained by one insured to the advantage of any other insured.

#### Prohibited Or Illegal Goods

This insurance does not apply to loss or damage to contraband or other property in the course of illegal transportation or trade.

#### Terrorism - United Kingdom

This insurance does not apply to loss or damage caused by or resulting from **terrorism** in the United Kingdom (including terrorism insured by the Pool Reinsurance Company Limited) committed by any person or persons acting individually or on behalf of or in connection with any organization, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

#### Loss Payment Limitation

Under Loss Payment Limitation, the following is added:

We will deduct from the total **business income** and **extra expense** loss any amount we paid you under **personal property** insurance for the difference between replacement cost and your net selling price on **merchandise**.

#### Conditions

The following conditions are deleted:

- Conformance;
- Mortgage Holder; and
- Other Insurance.



---

**Amended Conditions**

The following amended conditions are added:

**Appraisal**

If you and we do not agree on the amount of the covered loss or damage, either party may make a written demand for an appraisal of the covered loss or damage. In this event, you will select and pay a competent and impartial appraiser, and we will select and pay a competent and impartial appraiser. The two appraisers will select an umpire. If the appraisers cannot agree on an umpire, either may request that a judge of a court having jurisdiction make the selection. However, if the covered loss or damage occurs in a **non-admitted jurisdiction**, the court having jurisdiction must be a court in the state or province where you maintain your headquarters in the United States of America, Canada or Puerto Rico. Each appraiser will separately state the value of the property and the amount of the loss or damage. If the appraisers do not agree, they will submit their statements to the umpire. Agreement by the umpire and either of the appraisers will be binding on you and us.

You and we will equally share any other appraisal costs and the costs of the umpire.

If there is an appraisal, we will still retain our right to deny the claim.

---

**Coverage Territory**

The Coverage Territory is worldwide, except it does not include:

- A. any export, import or domestic waterborne shipment by any vessel making:
  - 1. a coastal passage within territorial waters of a country; or
  - 2. an international water passage;except any shipments in any over-the-road conveyance by ferry; or
- B. any country where the government of the United States of America prohibits us from providing insurance.

---

**First Named Insured**

The person or organization first named in the Declarations is primarily responsible for payment of all premiums. The first named insured will act on behalf of all other named insureds for the giving and receiving of notice of cancellation or nonrenewal and the receiving of any return premiums that become payable under this policy.

All loss adjustment losses and other payments will, at our option, be coordinated and adjusted with and payable to the first named insured, without regard to the first named insured's obligation to others, including, but not limited to other insureds. We will not be responsible for the proper application of any payment we make to the first named insured. If we make payment to any insured other than the first named insured, such payment will be treated as though made to the first named insured.

---

**Inspections And Surveys**

We may:

- make inspections and surveys at any time;
- give you reports on the conditions we find; and
- recommend changes.



## ***Property/Business Income Global Extension***

### ***Amended Conditions***

#### ***Inspections And Surveys (continued)***

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- are safe or healthful; or
- comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any other insurer that provides **admitted** insurance at our request, and to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations for us.

#### ***Insured's Duties In The Event Of Loss Or Damage***

You must see to it that the following are done in the event of loss or damage:

A. Notify:

1. us;
2. one of our authorized representatives;
3. another member company of the Chubb Group of Insurance Companies; or
4. any **authorized correspondent**,

as soon as possible, as to what occurred. Include a description of the property involved, the time and place of the loss or damage, and names and addresses of available witnesses. If there has been loss or damage that may result in a loss under any Business Income or Extra Expense Insurance, notify any of the above by telephone, by telegraph or by facsimile at our expense.

Notice of loss or damage made to persons or organizations described in 2., 3. or 4. above will be deemed to be notice to us under this policy, regardless of whether such notice is made under this policy or under any other insurance that is issued by:

- another member company of the Chubb Group of Insurance Companies;
- any **authorized correspondent**; or
- any insurer (other than those stated immediately above) providing coinsurance, pro rata or contributing insurance with those stated immediately above.

Notice to any other insurer, person or organization shall not be deemed notice to us.

- B. Notify the police if a law may have been broken.
- C. Take every reasonable step to protect the covered property from further damage and keep a record of your expenses necessary to protect such property for consideration in the settlement of the claim. This will not increase any Limit Of Insurance. However, we will not pay for any subsequent loss or damage resulting from a peril that is not covered. Also, if feasible, set such damaged property aside and in the best possible order for examination.
- D. If you intend to continue your business, you must resume all or part of your operations as quickly as possible.

---

## **Amended Conditions**

### ***Insured's Duties In The Event Of Loss Or Damage (continued)***

- E. File with us, or with our authorized representative, sworn proof of loss within 90 days after the date of loss or damage.
- F. Cooperate with us in the investigation, settlement or handling of any claim.
- G. Authorize us to obtain records or reports necessary for our investigation.
- H. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss or damage claimed.
- I. As often as may be reasonably required, permit us to inspect the property and examine your books and records.
- J. Permit us to take samples of the damaged and undamaged property for inspection, testing and analysis and permit us to make copies of your books and records.
- K. Permit us to examine any insured under oath, outside the presence of any other insured at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

Failure of an agent or one of your employees, other than an officer, to notify us of any loss or damage that he knows about will not affect the insurance afforded you by this policy.

---

## **Additional Conditions**

The following additional conditions are added:

### ***Advances Or Reimbursements***

For covered loss or damage that arises in a **non-admitted jurisdiction**, we will reimburse and, at our option, advance funds to you for our portion of the costs of investigation (including appraisals of property), defense or settlement. We will only make such advances or reimbursements in a jurisdiction that is mutually acceptable.

---

### ***Applicability Of This Extension***

The Deletions, Modifications or Additions contained in this Global Extension apply only to the insurance afforded by this Extension and only if the loss or damage occurs outside of the Continental United States of America, Canada, the State of Hawaii, Puerto Rico and the territories or possessions of the United States of America or Canada.

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### ***Currency Provision***

The Limits Of Insurance and premiums shown in this policy are either United States of America or Canadian currency, contingent upon country of issuance, unless otherwise stated in the Declarations.

Loss or damage will be paid in the currency shown in Declarations for the applicable Limits Of Insurance.

At our sole option and upon your request, we will make payment for loss or damage in the currency requested. In doing so we will convert the value of the covered loss or damage to the currency requested at the free rate of exchange as published in The Wall Street Journal in effect:



## **Property/Business Income Global Extension**

### **Additional Conditions**

#### **Currency Provision (continued)**

- on the date of the covered loss or damage for covered loss or damage to other than **money** or **securities**; or
- the date of the covered loss or damage to **money** or **securities** is discovered.

Business Income or Extra Expense will be converted at the rate of exchange as published in the Wall Street Journal based on the average of the daily rate of exchange quoted for the period of loss.

Upon converting the currency, we will apply all other terms of this policy to determine the amount of our final loss obligation, but in no event we will pay more than the Limits Of Insurance shown in the Declarations.

#### **Excess Insurance**

You may purchase excess insurance to specifically apply as excess of the Limits Of Insurance shown in the Declarations of this policy. However, the Difference In Conditions coverage or Excess/Difference In Limits coverage contained in this form do not apply to any such insurance.

#### **Joint Duties In A Non-Admitted Jurisdiction**

For covered loss or damage that arises in a **non-admitted jurisdiction**, we will consult with you.

You must:

- make such investigation, defense or settlement as we deem reasonable;
- accept a settlement from us for covered loss or damage; and
- effect payments to others that we approve.

We retain the right to assume control of any investigation, defense, settlement or recovery proceedings. You have the duty to cooperate with us in these proceedings.

#### **Seaworthiness And Airworthiness**

The implied warranty of seaworthiness for all vessels and the implied warranty of airworthiness for all aircraft is waived.

### **Additional Definitions**

The following definitions are added:

#### **Admitted**

**Admitted** means a contract of insurance that is issued by a State Fund or an insurer licensed or permitted by law to do business in the jurisdiction where the property or exposure to loss is located and issued to:

- you; or
- someone (other than you) covering your interests.

**Admitted** does not include any contract of insurance specifically obtained to apply in excess of any Limits Of Insurance shown in the Declarations of this policy.

#### **Authorized Correspondent**

**Authorized correspondent** means any privately controlled insurer, other than a member company of the Chubb Group of Insurance Companies, that we indicate is our correspondent, but only for each specific insurance transaction we authorize.

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## **Additional Definitions**

(continued)

### ***Coinsurance Deficiency***

**Coinsurance deficiency** means any penalty resulting from the application of a coinsurance or average clause forming part of any locally procured insurance in force at the time of loss or damage.

If, after determination of the amount you claim under such other insurance, you are unable to collect payment for the loss or damage in full due to the operation of a coinsurance or average clause, this policy shall pay the difference between the amount recoverable under such other insurance and the total amount of loss or damage.

**Coinsurance deficiency** does not mean any penalty resulting from the application of any coinsurance or average clause when you have deliberately underinsured.

---

### ***Leakage From Fire Protection Equipment***

**Leakage from "fire protection equipment"** means:

- water or other substance discharged from within any part of the "fire protection equipment" for the premises or for adjoining premises; or
- collapse of tanks forming a part of the "fire protection equipment" including the component parts or supports of those tanks.

"Fire protection equipment" means tanks, water mains, hydrants or valves and any other equipment or its component parts, whether used solely for fire protection or jointly for fire protection and for other purposes.

---

### ***Non-admitted***

**Non-admitted** means a contract of insurance that is issued by a State Fund or an insurer not licensed or permitted by law to do business in the jurisdiction where the property or exposure to loss is located and issued to:

- you or any other insured; or
- someone (other than you) covering your interests.

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### ***Non-Admitted Jurisdiction***

**Non-admitted jurisdiction** means a jurisdiction where we are not licensed or permitted by law to issue insurance or are prevented by law or otherwise from investigating, defending or settling any loss or damage.

---

### ***Terrorism***

**Terrorism** means the use of violence:

- directed toward the overthrow or influencing of any government, whether de jure or de facto; or
  - for the purpose of putting the public in fear.
-



## Property/Business Income Global Extension

### Amended Definition

The following amended definition is added:

#### Period Of Restoration

**Period of restoration** means the period of time that, for **business income**, begins:

- A. immediately after the time of direct physical loss or damage by a **covered peril to property**; or
- B. with the date **operations** would have begun if the direct physical loss or damage had not occurred, when loss or damage to any of the following delays the start of **operations**:
  1. new **buildings** whether complete or under construction;
  2. alterations or additions to existing **buildings**; or
  3. **personal property** consisting of materials, machinery, equipment, supplies and temporary structures used in the construction, or for making additions, alterations or repairs to the structure.

**Period of restoration** means the period of time that, for **extra expense**, begins immediately after the time of direct physical loss or damage by a **covered peril to property**.

**Period of restoration** will continue until your **operations** are restored, with reasonable speed, to the level which would generate the **business income** amount that would have existed if no direct physical loss or damage occurred, including the time required to:

- A. repair or replace the **property**; or
- B. repair or replace the **property** to comply with the minimum standards of any ordinance or law that:
  1. regulates the repair or replacement of any **property**;
  2. requires the tearing down of parts of any **property** not damaged by a **covered peril**; and
  3. is in force on the date of the direct physical loss or damage,

not to exceed 6 consecutive months, beginning on the date the lost or damaged **property** is actually replaced and your **operations** are resumed.

The expiration date of this policy will not cut short the **period of restoration**.

If loss or damage occurs to a:

- **dependent business premises**; or
- utility,

for the purpose of determining **period of restoration** following such loss, **property** should also include:

- **personal property of a utility**; or
- **personal property of a dependent business premises**.

In determining the **business income** that would have existed if no direct physical loss or damage occurred, no consideration will be given to any **business income** loss caused by or resulting from unfavorable market conditions caused by or resulting from the impact that the **covered peril** had in the geographic area where the lost or damaged property is located.

**Period of restoration** does not include any increased period required to comply with any ordinance or law:

- you were required to comply with before the direct physical loss or damage;

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**Amended Definition****Period Of Restoration**  
(continued)

- involving any property outside the legal boundary of the premises shown in the Declarations;  
or
- that regulates the repair or replacement of any property that was lost or damaged by an excluded peril. If direct physical loss or damage is caused by or results from both a **covered peril** and an excluded peril, the **period of restoration** only includes the length of time required to repair or replace the property lost or damaged by a **covered peril**.

# **Property Insurance**

## **Business Income With Extra Expense**

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PROPERTY

CONTRACT

WITH  
BUSINESS  
INCOME  
EXPENSE



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## ***Business Income With Extra Expense***

### ***Contract***

Words and phrases that appear in **bold** print have special meanings and are defined in the Definitions section of the General Provisions form included in this policy.

Throughout this contract, the words "you" and "your" refer to the Named Insured shown in the Declarations of this policy. The words "we," "us" and "our" refer to the company providing this insurance.

---

### ***Coverage***

#### ***Business Income And Extra Expense***

We will pay for the actual:

- **business income** loss you incur due to the actual suspension of your **operations**; or
- **extra expense** you incur due to the actual or potential suspension of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Business Income With Extra Expense shown in the Declarations.

This actual or potential suspension of **operations** must be caused by or result from direct physical loss or damage by a **covered peril to property** at, or within 100 feet of, the premises, other than a **dependent business premises**, shown in the Declarations, unless otherwise stated.

This coverage applies only at those premises:

- where you incur a **business income** loss or **extra expense**; and
- for which a Limit Of Insurance for Business Income With Extra Expense is shown in the Declarations.

---

#### ***Dependent Business Premises***

We will pay for the actual:

- **business income** loss you incur due to the actual suspension of your **operations**; or
- **extra expense** you incur due to the actual or potential suspension of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Dependent Business Premises shown under Business Income in the Declarations.

This actual or potential suspension of **operations** must be caused by or result from direct physical loss or damage by a **covered peril to property** or **personal property of a dependent business premises** at a **dependent business premises** shown in the Declarations.

This coverage does not apply if the direct physical loss or damage is caused by or results from earthquake or **flood**.

This coverage applies only at those premises for which a Limit Of Insurance for Dependent Business Premises is shown in the Declarations.

---

#### ***Extension Of Coverage***

The following Extension of Coverage is included under your coverage for **business income** with **extra expense** and is subject to the applicable Limit Of Insurance for Business Income With Extra Expense shown in the Declarations.

## Extension Of Coverage

(continued)

### Civil Authority

We will pay for the actual:

- **business income** loss; or
- **extra expense**

you incur due to the actual suspension of your **operations**, directly caused by the prohibition of access to your premises by a civil authority. This prohibition of access by a civil authority must be the direct result of direct physical loss or damage to property away from such premises by a **covered peril** provided such property is within one mile from such premises.

The coverage for:

- A. **business income** will begin 72 normal business hours after the time the civil authority prohibits access and will apply for a period of up to 21 consecutive days after coverage begins; and
- B. **extra expense** will begin immediately after the time the civil authority prohibits access and will end:
  - 1. 21 consecutive days after this coverage begins; or
  - 2. whenever your **business income** coverage ends,whichever is later.

This coverage does not apply if the direct physical loss or damage is caused by or results from earthquake or **flood**.

---

## Additional Coverages

Except for:

- Any Other Location;
- In Transit; or
- Newly Acquired Premises,

the following Additional Coverages are provided at each covered premises only if a Limit Of Insurance for such Additional Coverages at each covered premises is shown in the Declarations.

### Any Other Location

We will pay for the actual:

- **business income** loss you incur due to the actual suspension of your **operations**; or
- **extra expense** you incur due to the actual or potential suspension of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Business Income shown under Any Other Location in the Declarations.

This actual or potential suspension of **operations** must be caused by or result from direct physical loss or damage by a **covered peril** to **property** if such **property** is:

- temporarily at a location you do not own, lease or operate;
- in storage at a location you lease, provided the lease was executed after the beginning of the policy period; or
- at an exhibition, fair or trade show.



## ***Business Income With Extra Expense***

### ***Additional Coverages***

#### ***Any Other Location (continued)***

This Additional Coverage does not apply to **business income** loss or **extra expense** you incur caused by or resulting from loss or damage to property:

- used by utility companies to supply you with services;
- used by **on-line access providers**;
- at a **dependent business premises**;
- at a newly acquired premises; or
- in transit.

This Additional Coverage applies only if a Limit Of Insurance for Business Income is shown under Any Other Location in the Declarations.

---

#### ***Fees***

We will pay for reasonable fees you are obligated to pay outside professionals following a loss covered by this contract when we require such outside professionals to certify your expenses, profit or loss.

This Additional Coverage applies only at those premises for which you have incurred a loss covered by this contract.

This Additional Coverage does not apply to your employees.

The most we will pay in any one occurrence under this Additional Coverage is \$1,000 unless another applicable Limit Of Insurance for Fees is shown under Business Income in the Declarations.

---

#### ***In Transit***

We will pay for the actual:

- **business income** loss you incur due to the actual suspension of your **operations**; or
- **extra expense** you incur due to the actual or potential suspension of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Business Income shown under In Transit in the Declarations.

This actual or potential suspension of **operations** must be caused by or result from direct physical loss or damage by a **covered peril** to **personal property**, **electronic data processing property** or **fine arts** at, or while **in transit**.

This Additional Coverage does not apply to any **business income** loss or **extra expense**:

- caused by or resulting from loss or damage to any **property** while **in transit** to or from any exhibition, fair or trade show;
- when you are acting as a carrier for hire;
- if you have purchased separate ocean marine insurance which covers any **property** while **in transit**;

---

## **Additional Coverages**

### ***In Transit (continued)***

- caused by or resulting from loss or damage to shipments by mail, unless registered; or
- payable under the additional coverage for International Air Shipments.

This Additional Coverage applies only if a Limit Of Insurance for Business Income is shown under In Transit in the Declarations.

---

### ***Loss Of Utilities***

We will pay for the actual:

- **business income** loss you incur due to the actual suspension of your **operations**; or
- **extra expense** you incur due to the actual or potential suspension of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Loss Of Utilities shown under Business Income in the Declarations.

This actual or potential suspension of **operations** must be caused by or result from direct physical loss or damage by a **covered peril** to:

- **property**;
- **personal property of a utility** located either inside or outside of a **building**; or
- **service property**,

excluding **overhead communication, transmission or distribution equipment**, and used by you or the following:

- water supply companies;
- communication supply companies;
- power supply companies;
- natural gas supply companies;
- sewage treatment companies; or
- **on-line access providers**,

to supply your premises with such services.

We will pay such loss provided that:

- the disruption of service is not due to your failure to comply with the terms and conditions of any contract; and
- the disruption of services has been reported to the utility.

We will not pay for the actual **business income** loss you incur until the:

- applicable waiting period shown in the Declarations for Business Income expires; or
  - first 12 normal business hours following the direct physical loss or damage expires,
- whichever is the longer.

This Additional Coverage does not apply if the direct physical loss or damage is caused by or results from earthquake or **flood**.

---



## ***Business Income With Extra Expense***

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### ***Additional Coverages*** *(continued)*

#### ***Newly Acquired Premises***

We will pay for the actual:

- **business income** loss you incur due to the actual suspension of your **operations**; or
- **extra expense** you incur due to the actual or potential suspension of your **operations**, during the **period of restoration**.

This actual or potential suspension of **operations** must be caused by or result from direct physical loss or damage by a **covered peril** to **property** at each newly acquired premises.

This coverage applies until the first of the following occurs:

- you notify us of how you want Business Income With Extra Expense to apply to the newly acquired premises;
- 30 days pass from the date you acquire the premises; or
- this policy expires.

We will charge you additional premium from the date you acquire the premises.

The most we will pay in any one occurrence under this Additional Coverage is \$100,000.

---

#### ***Limits Of Insurance***

The most we will pay in any one occurrence is the amount of loss, not to exceed the applicable Limit Of Insurance shown in the Declarations.

#### ***Automatic Increase In Limits***

The Limits Of Insurance for Business Income With Extra Expense will automatically increase by the annual percentage shown in the Declarations under Automatic Increase In Limits. At the time of loss or damage, the amount of increase will be determined by multiplying the applicable Limit Of Insurance shown in the Declarations by the percentage of annual increase, applied on a pro rata basis.

---

#### ***Waiting Period***

Subject to the applicable Limit Of Insurance, we will pay the amount of **business income** loss that is incurred after the waiting period shown in the Declarations for each occurrence.

If a waiting period is shown in the Declarations, the waiting period begins immediately following the time of the covered direct physical loss or damage.

If two or more Business Income waiting periods apply to the same occurrence, only the largest single waiting period will apply, unless otherwise stated.

Hours shown for the waiting period are the normal business hours.

The waiting period does not apply to **extra expense**.

---

#### ***Loss Determination***

In making any loss determination under this coverage, we may utilize relevant sources of information, including:

- your financial records and accounting procedures;
- bills, invoices and other vouchers;

---

**Loss Determination**

(continued)

- deeds, liens and contracts;
- status and feasibility reports; and
- budgeting and marketing records.

**Business Income**

The amount of **business income** loss will be determined based on the:

- net income of your business before the direct physical loss or damage occurred;
- the likely net income of your business if no loss or damage occurred, but not including any **business income** that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the covered loss on customers or on other businesses; and
- your continuing operating expenses, including your continuing normal payroll expenses, necessary to resume **operations** with the same quality of service that existed just before the direct physical loss or damage.

---

**Extra Expense**

The amount of **extra expense** loss will be determined based on:

- all expenses that exceed your normal operating expenses that would have been incurred by **operations** during the **period of restoration**, if no physical loss or damage had occurred; and
- all necessary expenses that reduce the **business income** loss that otherwise would have been incurred.

We will deduct from the total of such expenses:

- the salvage value that remains of any property bought for temporary use during the **period of restoration**, once **operations** are resumed; and
- any **extra expense** that is paid for by other insurance.

---

**Resumption Or  
Continuance Of  
Operations**

We will reduce the amount of any **business income** loss payment to the extent you can resume or continue your **operations**, in whole or in part, by using:

- damaged or undamaged **property**, including **merchandise** or **stock**; or
- any other available premises or **dependent business premises**.

If you elect not to resume or continue **operations**:

- any loss determination for **business income** will be based on the length of time it would have taken to resume or continue **operations** with reasonable speed; and
- we will not make any payment for **extra expense**.

---

**Loss Payment Option**

The following Loss Payment Option applies when a Monthly Limit of Indemnity under Business Income is shown in the Declarations:

**Monthly Limit  
Of Indemnity**

The most we will pay for the actual **business income** loss incurred in each period of 30 consecutive days after the beginning of the **period of restoration** will be determined by multiplying the Limit Of Insurance for Business Income With Extra Expense by the Monthly Limit Of Indemnity shown in the Declarations.

---



## ***Business Income With Extra Expense***

### ***Loss Payment Limitations***

#### ***Cancellation Of Lease***

In the event a license, lease or contract lapses, or is suspended or cancelled, during the **period of restoration**, we will not pay for any:

- resulting **business income** loss, except to the extent such loss is incurred during the **period of restoration** and only if the lapse, suspension or cancellation is directly caused by or directly results from the necessary suspension of **operations**; or
- **extra expense**, to the extent attributable to the period of time, beginning with the end of the **period of restoration**, that such license, lease or contract would otherwise have been enforceable.

#### ***Consequential Loss***

We will not pay for any **business income** loss or **extra expense** caused by or resulting from any other consequential loss.

#### ***Debris Removal***

We will not pay for any **extra expense** you incur for the demolition or removal of debris, but we will pay for such **extra expense** you incur to the extent it reduces the amount of a covered loss that otherwise would have been payable under this contract.

#### ***Electronic Media And Records***

We will not pay for any **business income** loss caused by or resulting from direct physical loss or damage to **electronic data processing media** after the longer of:

- 60 consecutive days from the date of direct physical loss or damage; or
- the period, beginning on the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property lost or damaged at the same time and at the same premises due to loss caused by the same covered peril.

#### ***Increase Of Loss Due To Strikers Or Others Causing A Delay***

We will not pay for any increase of loss caused by or resulting from delay in repairing or replacing property or resuming your **operations**, due to interference at the location of the repair, replacement or **operations** by strikers or other persons.

#### ***Loss Or Damage To Finished Stock***

We will not pay for that part of **business income** loss caused by or resulting from:

- loss or damage to **finished stock**; or
- the time required to reproduce **finished stock**.

#### ***Loss Or Damage To Property Used To Provide Utility Services***

Except as provided for in the Additional Coverage for Loss Of Utilities, we will not pay for any **business income** loss or **extra expense** caused by or resulting from loss or damage to:

- **property**;



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## **Loss Payment Limitations**

### **Loss Or Damage To Property Used To Provide Utility Services (continued)**

- **personal property of a utility** located either inside or outside of a **building**; or
- **service property**,  
used by you or a utility to provide you with utility services.

---

### **Pollutant Clean-up Or Removal**

We will not pay for any **extra expense** you incur for:

- clean up or removal of **pollutants** from any land, water or air, either inside or outside of a **building**; or
- testing for, monitoring, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of **pollutants**,

but we will pay for such **extra expense** you incur to the extent it reduces the amount of a covered loss that otherwise would have been payable under this contract.

---

### **Radio Or Television Antennas**

We will not pay for any **business income** loss or **extra expense** caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

---

### **Conditions (Including Coverage Territory)**

The conditions applicable to this contract are contained in the Conditions section of the General Provisions form included in this policy. Any additional conditions are shown in the Additional Conditions section of this contract.

---

## **Additional Conditions**

### **Coinsurance**

Coinsurance applies to **business income** only when a coinsurance percentage under Business Income is shown in the Declarations.

Coinsurance does not apply to:

- A. **extra expense**;
- B. any covered loss of \$10,000 or less;
- C. the following Additional Coverages:
  - 1. Any Other Location;
  - 2. Fees;
  - 3. In Transit;
  - 4. Loss of Utilities; and
  - 5. Newly Acquired Premises.



## ***Business Income With Extra Expense***

### ***Additional Conditions***

#### ***Coinsurance (continued)***

We will not pay the full amount of any **business income** loss if the applicable Limit Of Insurance for Business Income shown in the Declarations is less than:

- A. the applicable coinsurance percentage under Business Income shown in the Declarations multiplied by
- B. the sum of:
  - 1. net income (net profit or loss before income taxes); and
  - 2. operating expenses, including payroll expenses,that would have been earned or incurred (had no loss occurred) by you in your **operations** for the 12 months following the effective date, or last previous anniversary date, of this policy (whichever is later).

Instead, our maximum **business income** loss payment will be determined as follows:

- A. multiply the net income and operating expenses that would have been earned or incurred (had no loss occurred) by you in your **operations** for the 12 months following the effective date, or last previous anniversary date, of this policy by the applicable coinsurance percentage under Business Income in the Declarations;
- B. divide the applicable Limit Of Insurance for Business Income by the figure determined in step A;
- C. multiply the total amount of the covered loss by the figure determined in step B; and
- D. subtract the applicable deductible or waiting period, if any, from the amount determined by step C.

The amount determined in step D. is the most we will pay, not to exceed the applicable Limit Of Insurance for Business Income shown in the Declarations.

In determining operating expenses for the purpose of applying coinsurance, the following expenses, if incurred, shall be deducted from the total of all operating expenses:

- prepaid freight - outgoing;
- returns and allowances;
- discounts;
- bad debts;
- collection expenses;
- cost of raw stock and factory supplies consumed (including transportation charges);
- cost of merchandise sold (including transportation charges);
- cost of other supplies consumed (including transportation charges);
- cost of services purchased from outsiders (not employees) that do not continue under contract;

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## **Additional Conditions**

### ***Coinsurance (continued)***

- power, heat and refrigeration expenses that do not continue under contract if endorsement form 10-02-1108 is attached; and
- all ordinary payroll expense or the amount of payroll expense excluded if endorsement form 10-02-1099 is attached.

---

### ***Sprinkler Warranty***

If the property you own or use is protected by an **automatic sprinkler system**, you are required to maintain such system including any supervisory services.

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you

- knew of any suspension or impairment in the **automatic sprinkler system** and failed to notify us of that fact; or
- failed to maintain the **automatic sprinkler system** and supervisory service, over which you had control, in complete working order.

If any part of the **automatic sprinkler system** is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, no notification to us will be necessary if you can restore full protection within 48 hours.

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### ***Definitions***

The definitions applicable to this contract are contained in the Definitions section of the General Provisions form included in this policy.

# **Property Insurance**

## **General Provisions**

### **Table Of Contents**

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PROPERTY

CONTRACT

GENERAL PROVISIONS

---

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## **General Provisions**

### **Contract**

#### **Exclusions**

**WHEN USED WITH RESPECT TO THE PROPERTY CONTRACTS FORMING A PART OF THIS POLICY, THE APPLICABLE EXCLUSIONS LISTED IN SUCH CONTRACTS ARE DESCRIBED AS FOLLOWS:**

#### **Accounting**

This insurance does not apply to accounting, mathematical or record-keeping errors.

#### **Acts Or Decisions**

This insurance does not apply to loss or damage caused by or resulting from acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

This Acts or Decisions exclusion does not apply to ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

#### **Agricultural Smudging Operations**

This insurance does not apply to loss or damage caused by or resulting from smoke, vapor or gas from agricultural smudging or industrial operations.

#### **Artificial Electrical Current**

This insurance does not apply to loss or damage caused by or resulting from artificially generated electrical current that disturbs electrical devices, appliances or wires.

This Artificial Electrical Current exclusion does not apply to:

- loss or damage caused by or resulting from electric arcing; or
- ensuing loss or damage caused by or resulting from fire.

#### **Audit**

This insurance does not apply to loss or damage disclosed by an audit or inventory count. In the event the loss or damage is established by independent means, you may use an audit or inventory count to support your claim for that loss.

#### **Bookkeeping**

This insurance does not apply to bookkeeping, accounting or billing errors or omissions.

#### **Books And Records**

This insurance does not apply to loss or damage to manuscripts, records, accounts, media, microfilm or tapes.

#### **Business Errors**

This insurance does not apply to loss or damage caused by or resulting from errors in the:

- calibrating;
- constructing;
- developing;
- distributing;
- installing;
- maintaining;
- manufacturing;

---

**Exclusions**

**WHEN USED WITH RESPECT TO THE PROPERTY CONTRACTS FORMING A PART OF THIS POLICY, THE APPLICABLE EXCLUSIONS LISTED IN SUCH CONTRACTS ARE DESCRIBED AS FOLLOWS:**

**Business Errors  
(continued)**

- processing;
- repairing; or
- testing

of part or all of any property.

This Business Errors exclusion does not apply to:

- loss or damage that results to other covered property; or
- ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

---

**Change In Flavor**

This insurance does not apply to:

- loss or damage, which is change in flavor, taste, color, texture, finish, appearance, smell or scent; or
- loss or damage caused by or resulting from change in flavor, taste, color, texture, finish, appearance, smell or scent,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

This Change In Flavor exclusion does not apply:

- if the change in flavor, taste, color, texture, finish, appearance, smell or scent is caused by or results from a **specified peril**; or
- to ensuing loss or damage caused by or resulting from a **specified peril**.

---

**Change In Temperature**

This insurance does not apply to loss or damage to **personal property** caused by or resulting from natural or artificial:

- dampness or dryness of atmosphere; or
- changes in or extremes of temperature,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.



## General Provisions

### Exclusions

WHEN USED WITH RESPECT TO THE PROPERTY CONTRACTS FORMING A PART OF THIS POLICY, THE APPLICABLE EXCLUSIONS LISTED IN SUCH CONTRACTS ARE DESCRIBED AS FOLLOWS:

#### *Change In Temperature (continued)*

This Change In Temperature exclusion does not apply:

- if the dampness or dryness of atmosphere or changes in or extremes of temperature is caused by or results from a **specified peril**; or
- to ensuing loss or damage caused by or resulting from a **specified peril**.

#### *Collapse*

This insurance does not apply to loss or damage caused by or resulting from the falling down or caving in of all or any part of a structure.

This Collapse Exclusion does not apply to loss or damage caused by or resulting from **building collapse**.

#### *Collapse Or Collision Of Booms Or Jibs*

This insurance does not apply to loss or damage caused by or resulting from the falling down, caving in or collision of booms or jibs, unless directly caused by or resulting from fire or lightning, wind or hail, riot or civil commotion, **flood**, earthquake or **building collapse**.

#### *Consequential Loss*

**UNDER THE MONEY AND SECURITIES CONTRACT:**

This insurance does not apply to loss of income, interest or dividends.

**UNDER THE LEASEHOLD INTEREST CONTRACT:**

This insurance does not apply to any other consequential loss.

#### *Continuous Or Repeated Seepage Of Water*

This insurance does not apply to loss or damage caused by or resulting from continuous or repeated seepage or leakage of water or presence or condensation of humidity, moisture or vapor that occurs over a period of 14 days or more.

#### *Disappearance*

This insurance does not apply to loss or damage caused by or resulting from disappearance or shortage disclosed on taking inventory, where there is no physical evidence to show what happened.

This Disappearance exclusion does not apply to ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

#### *Dishonesty*

This insurance does not apply to loss or damage caused by or resulting from fraudulent, dishonest or criminal acts or omissions committed alone or in collusion with others by you, your partners, members, officers, managers, directors, trustees, employees, anyone performing acts coming within the scope of the usual duties of your employees, or by anyone authorized to act for you, or anyone to whom you have entrusted covered property for any purpose.

This Dishonesty exclusion does not apply to acts of vandalism by your employees (including leased employees).



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**Exclusions**

(continued)

**WHEN USED WITH RESPECT TO THE PROPERTY CONTRACTS FORMING A PART OF THIS POLICY, THE APPLICABLE EXCLUSIONS LISTED IN SUCH CONTRACTS ARE DESCRIBED AS FOLLOWS:**

**Earth Movement (Other Than Earthquake)**

This insurance does not apply to loss or damage caused by or resulting from:

- any earth movement, including landslide, mine subsidence or earth sinking, rising or shifting; or
- volcanic eruption, explosion or effusion,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

This Earth Movement (Other Than Earthquake) exclusion does not apply to:

- loss or damage caused by or resulting from earthquake;
- loss or damage caused by or resulting from **sinkhole collapse**; or
- ensuing loss or damage caused by or resulting from fire, explosion or **volcanic action**.

---

**Earthquake**

This insurance does not apply to loss or damage caused by or resulting from earthquake, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

This Earthquake exclusion does not apply to ensuing loss or damage caused by or resulting from fire or explosion.

---

**Electric Arcing**

This insurance does not apply to loss or damage caused by or resulting from electric arcing or any other artificially generated current that disturbs electrical devices, appliances or wires.

This Electric Arcing exclusion does not apply to ensuing loss or damage caused by or resulting from fire, if the fire would be covered under this insurance.

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**Electric Breakdown**

This insurance does not apply to loss or damage caused by or resulting from electric breakdown.

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**Electronic Data**

This insurance does not apply to loss or damage to **electronic data**.

This Electronic Data exclusion does not apply:

- A. if the direct physical loss or damage is caused by or results from:
  - 1. aircraft or self-propelled missiles;
  - 2. fire or lightning;



## General Provisions

### Exclusions

WHEN USED WITH RESPECT TO THE PROPERTY CONTRACTS FORMING A PART OF THIS POLICY, THE APPLICABLE EXCLUSIONS LISTED IN SUCH CONTRACTS ARE DESCRIBED AS FOLLOWS:

#### Electronic Data (continued)

3. leakage from fire protective equipment;
  4. mine subsidence;
  5. riot or civil commotion;
  6. **sinkhole collapse;**
  7. smoke;
  8. vehicles;
  9. **volcanic action;**
  10. windstorm or hail; or
  11. earthquake (except in California) or **flood** to the extent covered under the Electronic Data Processing Property contract which is part of this policy; or
- B. to the extent insurance is provided under the Electronic Data Recovery Costs Additional Coverage.

#### Errors In Systems Programming

This insurance does not apply to loss or damage caused by or resulting from:

- A. errors or omissions in the development of, programming of, or instructions to:
1. software;
  2. **electronic data processing equipment;**
  3. a machine;
  4. **telephone equipment;** or
- B. **electronic data processing media** which is faulty, inadequate or defective for the use intended at the time of loss or damage.

This Errors In Systems Programming exclusion does not apply to ensuing loss or damage caused by or resulting from a **specified peril**.

#### Expenses

This insurance does not apply to any fees, costs or expenses you incur or pay:

- in establishing the existence or the amount of any loss or damage; or
- in prosecuting or defending any legal proceeding or claim, whether or not any such proceeding results or would result in a loss or damage covered under this insurance.

#### Fire To Property Of Others

This insurance does not apply to loss or damage caused by or resulting from fire to property of others that you hold as a pledge or as collateral.

**Exclusions**  
(continued)

**WHEN USED WITH RESPECT TO THE PROPERTY CONTRACTS FORMING A PART OF THIS POLICY, THE APPLICABLE EXCLUSIONS LISTED IN SUCH CONTRACTS ARE DESCRIBED AS FOLLOWS:**

**Flood**

This insurance does not apply to loss or damage caused by or resulting from **flood**, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

This Flood exclusion does not apply to ensuing loss or damage caused by or resulting from fire, explosion or leakage from fire protection equipment.

**Forgery**

This insurance does not apply to loss or damage caused by or resulting from forgery.

**Governmental Action**

This insurance does not apply to loss or damage caused by or resulting from seizure, confiscation, expropriation, nationalization or destruction of property by order of governmental authority, whether de jure or de facto, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

This Governmental Action exclusion does not apply to loss or damage caused by or resulting from acts of destruction ordered by governmental authority when taken at the time of a fire to prevent its spread, if the fire would be covered under this insurance.

**Inherent Vice/  
Latent Defect**

This insurance does not apply to loss or damage caused by or resulting from inherent vice or hidden or latent defect.

This Inherent Vice/Latent Defect exclusion does not apply to ensuing loss or damage caused by or resulting from a **specified peril**.

**Insects Or Animals**

This insurance does not apply to loss or damage caused by or resulting from nesting or infestation by, or discharge or release of waste products or secretions of:

- insects;
- birds;
- rodents; or
- other animals.

This Insects or Animals exclusion does not apply to ensuing loss or damage caused by or resulting from a peril not otherwise excluded.



## General Provisions

### **Exclusions** (continued)

#### **Kidnap/Ransom Or Extortion**

WHEN USED WITH RESPECT TO THE PROPERTY CONTRACTS FORMING A PART OF THIS POLICY, THE APPLICABLE EXCLUSIONS LISTED IN SUCH CONTRACTS ARE DESCRIBED AS FOLLOWS:

This insurance does not apply to loss or damage caused by or resulting from kidnap/ransom or other extortion payments surrendered to any person as a result of a threat to do:

- bodily harm to any person; or
- damage to the premises or other property owned by you or held by you in any capacity.

This Kidnap/Ransom or Extortion exclusion does not apply to **robbery of money or securities**.

#### **Leakage From Freezing**

This insurance does not apply to loss or damage caused by or resulting from water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air-conditioning or other equipment (except fire protection equipment) caused by or resulting from freezing, unless:

- you do your best to maintain heat in the structure; or
- you drain the equipment and shut off the supply if the heat is not maintained.

#### **Loss Of Market**

This insurance does not apply to loss or damage caused by or resulting from loss of market, loss of use or delay.

#### **Marring Or Scratching**

This insurance does not apply to loss or damage to **personal property** caused by or resulting from marring, denting, chipping or scratching.

This Marring Or Scratching exclusion does not apply to ensuing loss or damage caused by or resulting from a **specified peril** or breakage of glass in **buildings**.

#### **Mechanical Breakdown**

This insurance does not apply to loss or damage caused by or resulting from mechanical breakdown, including rupture or bursting caused by centrifugal force.

This Mechanical Breakdown exclusion does not apply to ensuing loss or damage caused by or resulting from elevator collision, if elevator collision would be covered under this insurance.

#### **Neglect**

This insurance does not apply to loss or damage caused by or resulting from neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

#### **Nuclear Hazard**

This insurance does not apply to loss or damage caused by or resulting from nuclear reaction or radiation, or radioactive contamination, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

---

**Exclusions**

**WHEN USED WITH RESPECT TO THE PROPERTY CONTRACTS FORMING A PART OF THIS POLICY, THE APPLICABLE EXCLUSIONS LISTED IN SUCH CONTRACTS ARE DESCRIBED AS FOLLOWS:**

**Nuclear Hazard  
(continued)**

This Nuclear Hazard exclusion does not apply to ensuing loss or damage caused by or resulting from fire, if the fire would be covered under this insurance.

---

**Ordinance Or Law**

This insurance does not apply to loss or damage caused by or resulting from the enforcement of any ordinance or law:

- regulating the construction, use or repair of any property; or
  - requiring the tearing down of any property, including the cost of removing its debris,
- regardless of any other cause or event that directly or indirectly:
- contributes concurrently to;
  - contributes in any sequence to; or
  - worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

This Ordinance Or Law exclusion applies whether the loss or damage results from:

- an ordinance or law that is enforced, even if the property has not been damaged; or
- the increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

This Ordinance Or Law exclusion does not apply to the extent insurance is provided under the Ordinance Or Law Additional Coverage.

---

**Personal Property  
In The Open**

This insurance does not apply to loss or damage to **personal property** in the open caused by or resulting from rain, snow, ice or sleet.

---

**Planning, Design, Materials  
Or Maintenance**

This insurance does not apply to loss or damage (including the costs of correcting or making good) caused by or resulting from any faulty, inadequate or defective:

- planning, zoning, development, surveying, siting;
- design, specifications, plans, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- materials used in repair, construction, renovation or remodeling; or
- maintenance,

of part or all of any property on or off the premises shown in the Declarations.

This Planning, Design, Materials or Maintenance exclusion does not apply to ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

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## General Provisions

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### Exclusions

(continued)

#### Pollutants

WHEN USED WITH RESPECT TO THE PROPERTY CONTRACTS FORMING A PART OF THIS POLICY, THE APPLICABLE EXCLUSIONS LISTED IN SUCH CONTRACTS ARE DESCRIBED AS FOLLOWS:

This insurance does not apply to loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of **pollutants**.

This Pollutants exclusion does not apply:

- if the discharge, dispersal, seepage, migration, release or escape of **pollutants** is caused by or results from any of the **specified perils**;
- to ensuing loss or damage caused by or resulting from a **specified peril**; or
- to loss or damage to glass in **buildings** caused by or resulting from chemicals applied to the glass.

---

#### Repair, Restoration Or Retouching

This insurance does not apply to loss or damage caused by or resulting from repair, restoration or retouching.

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#### Rust

This insurance does not apply to loss or damage caused by or resulting from rust, oxidation, corrosion or discoloration.

This Rust exclusion does not apply to ensuing loss or damage caused by or resulting from a **specified peril**.

---

#### Settling

This insurance does not apply to loss or damage caused by or resulting from settling, cracking, shrinking, bulging or expansion of paved or concrete surfaces, foundations, walls, floors, roofs, ceilings and swimming pools.

This Settling exclusion does not apply to ensuing loss or damage caused by or resulting from a **specified peril**.

---

#### Spoilage

This insurance does not apply to:

- loss or damage, which is spoilage; or
- loss or damage caused by or resulting from spoilage,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

This Spoilage exclusion does not apply:

- if the spoilage is caused by or results from a **specified peril**; or
  - to ensuing loss or damage caused by or resulting from a **specified peril**.
-

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**Exclusions**

(continued)

**WHEN USED WITH RESPECT TO THE PROPERTY CONTRACTS FORMING A PART OF THIS POLICY, THE APPLICABLE EXCLUSIONS LISTED IN SUCH CONTRACTS ARE DESCRIBED AS FOLLOWS:**

**Steam Boiler**

This insurance does not apply to loss or damage caused by or resulting from explosion of any steam boiler, steam pipe, steam turbine or steam engine owned or leased by you, or operated under your control.

This Steam Boiler exclusion does not apply to:

- ensuing loss or damage caused by or resulting from fire or combustion explosion, if fire or combustion explosion would be covered under this insurance; or
- loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass, if explosion would be covered under this insurance.

---

**Surrendering**

This insurance does not apply to loss or damage caused by or resulting from the giving or surrendering of **money** or **securities** in any exchange or purchase.

---

**Suspension, Lapse Or  
Cancellation Of Any  
License**

This insurance does not apply to loss or damage caused by or resulting from the suspension, lapse or cancellation of any license.

---

**Utility Services**

This insurance does not apply to loss or damage caused by or resulting from the failure of power or other utility service (including lack of sufficient capacity and reduction in supply) supplied to the premises shown in the Declarations, if the failure occurs away from such premises shown in the Declarations, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

This Utility Services exclusion does not apply to:

- ensuing loss or damage caused by or resulting from a peril not otherwise excluded; or
- **business income** or **extra expense**.

---

**Voluntary Parting**

This insurance does not apply to loss or damage caused by or resulting from:

- voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense; or
  - the transfer of property to a person or to a place outside the premises shown in the Declarations on the basis of unauthorized instructions.
-



## General Provisions

### Exclusions

(continued)

#### War And Military Action

WHEN USED WITH RESPECT TO THE PROPERTY CONTRACTS FORMING A PART OF THIS POLICY, THE APPLICABLE EXCLUSIONS LISTED IN SUCH CONTRACTS ARE DESCRIBED AS FOLLOWS:

This insurance does not apply to loss or damage caused by or resulting from:

- war, including undeclared or civil war;
- warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- insurrection, rebellion, revolution, usurped power or action taken by governmental authority, whether de jure or de facto, in hindering or defending against any of these,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

#### Wear And Tear

This insurance does not apply to loss or damage caused by or resulting from wear and tear, deterioration or decay.

This Wear and Tear exclusion does not apply to ensuing loss or damage caused by or resulting from a **specified peril, building collapse** or breakage of glass in **buildings**.

#### Weight Load

This insurance does not apply to loss or damage caused by or resulting from the weight of a load exceeding the manufacturer's rated lifting capacity as specified in load charts, brochures or manuals published by the manufacturer.

### Loss Payment Basis

THE FOLLOWING LOSS PAYMENT PROVISIONS APPLY TO ALL CONTRACTS CONTAINED WITHIN THE PROPERTY INSURANCE SECTION OF THIS POLICY, EXCEPT CARE, CUSTODY OR CONTROL LEGAL LIABILITY, OR AS OTHERWISE STATED.

Subject to the applicable Limit Of Insurance shown in the Declarations:

- A. Covered property is valued on a replacement cost basis as described below, unless:
  - 1. the Loss Payment Basis shown in the Declarations or below is actual cash value; or
  - 2. otherwise stated under Loss Payment Basis Exceptions; and
- B. **contractors' equipment** is valued on an actual cash value basis as described below, unless:
  - 1. the Loss Payment Basis shown in the Declarations is replacement cost; or
  - 2. otherwise stated under Loss Payment Basis Exceptions; and
- C. valuation also includes, for:
  - 1. **building, personal property or building or renovations under construction**, costs you incur as described below under Construction Fees; and



**Loss Payment Basis**  
(continued)

THE FOLLOWING LOSS PAYMENT PROVISIONS APPLY TO ALL CONTRACTS CONTAINED WITHIN THE PROPERTY INSURANCE SECTION OF THIS POLICY, EXCEPT CARE, CUSTODY OR CONTROL LEGAL LIABILITY, OR AS OTHERWISE STATED.

2. **personal property while in transit**, general average and salvage charges you incur on covered waterborne shipments of **personal property**.

**Our Loss Payment Options**

In the event of loss or damage covered by this insurance, at our option we will either:

- pay the covered value of the lost or damaged covered property;
- pay the cost of repairing or replacing the lost or damaged covered property plus any reduction in value of the repaired item;
- take all or any part of the covered property at an agreed or appraised value; or
- repair or replace the covered property with other such property of comparable material and quality for the same use or occupancy.

**Replacement Cost Basis**

Lost or damaged covered property will be valued on the lesser of:

1. the cost to replace on the same premises, the lost or damaged property:
  - a. of comparable material and quality; and
  - b. used for the same purposes; or
2. the amount you actually spend to repair or replace the lost or damaged property.

The cost of repair or replacement does not include the increased costs attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

If you do not repair or replace the covered property, we will only pay as provided under Actual Cash Value Basis.

If you commence the repair or replacement of the lost or damaged **building or personal property** within 6 months from the date of the loss or damage, we will pay you the difference between the actual cash value previously paid and the lesser of the replacement cost at the time of:

- loss or damage; or
- actual replacement.

**Actual Cash Value Basis**

If the Loss Payment Basis shown in the Declarations is actual cash value, lost or damaged covered property will be valued at the cost to repair or replace such property at the time of loss or damage with material of like kind and quality, less allowance for each of the following:

- physical deterioration;
- physical depreciation;
- obsolescence; and
- depletion.

**Contractors' equipment** is valued on an actual cash value basis as described above, unless the Loss Payment Basis shown in the Declarations is replacement cost.



## General Provisions

### **Loss Payment Basis** (continued)

THE FOLLOWING LOSS PAYMENT PROVISIONS APPLY TO ALL CONTRACTS CONTAINED WITHIN THE PROPERTY INSURANCE SECTION OF THIS POLICY, EXCEPT CARE, CUSTODY OR CONTROL LEGAL LIABILITY, OR AS OTHERWISE STATED.

#### **Construction Fees**

Covered property valuation includes necessary and incurred architectural, engineering, consulting, decorating and supervisory fees related to the construction and repair of the lost or damaged **building, personal property and building or renovations under construction.**

#### **Cost To Tear Out And Replace Parts Of Building**

If loss or damage caused by or resulting from the escape of water or other liquid, powder or molten material occurs and such escape is caused by or results from a peril not otherwise excluded, we will pay for the cost to tear out and replace any part of a **building** to repair or replace a system or appliance from which water or other substance escapes.

### **Conditions**

THE FOLLOWING CONDITIONS APPLY TO ALL CONTRACTS CONTAINED WITHIN THE PROPERTY/BUSINESS INCOME INSURANCE SECTION OF THIS POLICY, EXCEPT CARE, CUSTODY OR CONTROL LEGAL LIABILITY, OR AS OTHERWISE STATED.

#### **Abandonment**

There can be no abandonment of any covered property to us unless we specifically agree to such abandonment in writing.

#### **Appraisal**

If you and we do not agree on the amount of the loss or damage, either party may make a written demand for an appraisal of the loss or damage. In this event, you will select and pay a competent and impartial appraiser, and we will select and pay a competent and impartial appraiser. The two appraisers will select an umpire. If the appraisers cannot agree on an umpire, either may request that a judge of a court having jurisdiction make the selection. Each appraiser will separately state the value of the property and the amount of the loss or damage. If the appraisers do not agree, they will submit their statements to the umpire. Agreement by the umpire and either of the appraisers will be binding on you and us.

You and we will equally share any other appraisal costs and the costs of the umpire.

If there is an appraisal, we will still retain our right to deny the claim.

#### **Concealment Or Misrepresentation**

This insurance is void if you or any other insured intentionally conceals or misrepresents any material fact or circumstance relating to this insurance at any time.

#### **Coverage Territory**

This insurance applies anywhere within and **in transit** within and between the Continental United States of America, Canada, the State of Hawaii, Puerto Rico and the territories or possessions of the United States of America or Canada, excluding:

- A. coastwise waterborne shipments to or from Alaska;
- B. intercoastal waterborne shipments via the Panama Canal; and
- C. waterborne shipments to or from:
  - 1. the state of Hawaii;
  - 2. Puerto Rico; and

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**Conditions**

**THE FOLLOWING CONDITIONS APPLY TO ALL CONTRACTS CONTAINED WITHIN THE PROPERTY/BUSINESS INCOME INSURANCE SECTION OF THIS POLICY, EXCEPT CARE, CUSTODY OR CONTROL LEGAL LIABILITY, OR AS OTHERWISE STATED.**

**Coverage Territory  
(continued)**

3. territories or possessions of the United States of America or Canada.

The coverage territory for International Air Shipments coverage is worldwide, except it does not include any country where the government of the United States of America prohibits us from providing insurance.

For **contractors' equipment**, Leasehold Interest coverage, Money or Securities coverage or Building Under Construction coverage, the coverage territory is:

- the United States of America and its territories and possessions;
- Canada and its territories and possessions; and
- Puerto Rico.

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**Insured's Duties In The  
Event Of Loss Or Damage**

You must see to it that the following are done in the event of loss or damage:

- Notify us, or one of our authorized representatives, as soon as possible, as to what occurred. Include a description of the property involved, the time and place of the loss or damage, and names and addresses of available witnesses. If there has been loss or damage that may result in a loss under any Business Income or Extra Expense Insurance, notify us by telephone, telegraph or facsimile at our expense.
- Notify the police if a law may have been broken.
- Take every reasonable step to protect the covered property from further damage, and keep a record of your expenses necessary to protect such covered property for consideration in the settlement of the claim. This will not increase any Limit Of Insurance. However, we will not pay for any subsequent loss or damage resulting from a peril that is not a covered peril. Also, if feasible, set such damaged property aside and in the best possible order for examination.
- If you intend to continue your business, you must resume all or part of your operations as quickly as possible.
- File with us, or with our authorized representative, sworn proof of loss within 90 days after the date of loss or damage.
- Cooperate with us in the investigation, settlement or handling of any claim.
- Authorize us to obtain records or reports necessary for our investigation.
- At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss or damage claimed.
- As often as may be reasonably required, permit us to inspect the property and examine your books and records.
- Permit us to take samples of the damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- Permit us to examine any insured under oath, outside the presence of any other insured at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.



## General Provisions

### Conditions

THE FOLLOWING CONDITIONS APPLY TO ALL CONTRACTS CONTAINED WITHIN THE PROPERTY/BUSINESS INCOME INSURANCE SECTION OF THIS POLICY, EXCEPT CARE, CUSTODY OR CONTROL LEGAL LIABILITY, OR AS OTHERWISE STATED.

#### *Insured's Duties In The Event Of Loss Or Damage (continued)*

Failure of an agent or one of your employees, other than an officer, to notify us of any loss or damage that he knows about will not affect the insurance afforded you by this policy.

### Legal Action Against Us

No legal action may be brought against us unless:

- there has been full compliance with all the terms of this insurance; and
- the action is brought within two years after the date on which the direct physical loss or damage occurred.

### Liberalization

If we adopt any changes:

- within 45 days prior to the effective date shown in the Declarations; or
- during the policy period,

which could broaden this insurance without an additional premium charge, you will automatically receive the benefit of the broadened coverage.

### Loss Payable – Other Than Buildings

For covered property (other than **building**), in which both you and a Loss Payee shown in the Declarations have an insurable interest, we will:

- adjust losses with you; and
- pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

### Loss Payment

- A. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this insurance, and
  1. we have reached agreement with you on the amount of loss; or
  2. an appraisal award has been made.
- B. We will not pay you more than your financial interest in the covered property.
- C. We may adjust losses with the owners of lost or damaged covered property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' covered property. We will not pay the owners more than their financial interest in such property.
- D. We may elect to defend you against suits arising from claims of owners of covered property. We will do this at our expense.

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**Conditions**

(continued)

THE FOLLOWING CONDITIONS APPLY TO ALL CONTRACTS CONTAINED WITHIN THE PROPERTY/BUSINESS INCOME INSURANCE SECTION OF THIS POLICY, EXCEPT CARE, CUSTODY OR CONTROL LEGAL LIABILITY, OR AS OTHERWISE STATED.

**Mortgage Holder –  
Buildings**

We will pay for loss or damage to **building or building or renovations under construction** jointly to you and the mortgage holder shown in the Declarations, as interests may appear.

However, your mortgage holder has the right to receive loss payment, even though:

- you failed to comply with the terms of this insurance; or
- your mortgage holder starts foreclosure or similar actions on the **building or building or renovations under construction**.

If we make loss payments to your mortgage holder when you fail to comply with the terms of this insurance, you will have to pay us to the extent we pay the mortgage holder. Your mortgage holder will still have the right to receive the balance of the mortgage debt from you.

We also have the right to take over your mortgage after making loss payment to the mortgage holder. If we do, you will pay your remaining mortgage debt to us.

If you fail to pay your premium, we may request it from your mortgage holder.

The mortgage holder must notify us of any change in ownership known to the mortgage holder.

If we cancel this insurance, we will give written notice to the mortgage holder at least:

- 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- 30 days before the effective date of cancellation, if we cancel for any other reason.

To satisfy the requirements of any mortgage holder shown in the Declarations, copies of policies or certified copies of policies may be sent to these mortgage holders. In no event are copies of policies sent to mortgage holders to be considered as increasing the Limits Of Insurance shown in the Declarations or changing the terms of this insurance, nor are they to be considered duplicate or contributing insurance.

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**No Benefit To Carrier  
Or Bailee**

No person or organization, other than you, having custody of covered property will benefit from this insurance.

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**Other Insurance**

If you have other insurance covering the same loss or damage as is insured against by this policy, we will only pay for the amount of loss or damage which is insured against by this policy in excess of the amount due from such other insurance, whether you can collect on such other insurance or not.

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**Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

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## General Provisions

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### **Conditions** (continued)

#### ***Transfer Of Rights Of Recovery To Us***

**THE FOLLOWING CONDITIONS APPLY TO ALL CONTRACTS CONTAINED WITHIN THE PROPERTY/BUSINESS INCOME INSURANCE SECTION OF THIS POLICY, EXCEPT CARE, CUSTODY OR CONTROL LEGAL LIABILITY, OR AS OTHERWISE STATED.**

If any person to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair our rights.

You may waive your rights against another party in writing:

- A. prior to direct physical loss or damage to insured property; or
- B. after direct physical loss or damage to insured property only if, at the time of direct physical loss or damage, that party is one of the following:
  - 1. someone insured by this insurance;
  - 2. an individual who owns or controls the majority of capital stock of your business;
  - 3. a related business firm majority-owned or controlled by you, or that owns or controls the majority of the capital stock of your business; or
  - 4. your tenant.

This will not restrict your insurance.

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## General Provisions

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### Definitions

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:

#### *Accounts Receivable*

**Accounts receivable** means:

- the money due you that you are unable to collect from customers;
- interest charges on any loan that you secure to offset your reduced cash flow;
- additional collection costs;
- reasonable expenses to re-establish your **accounts receivable records**; and
- the cost of blank **accounts receivable records**.

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#### *Accounts Receivable Records*

**Accounts receivable records** means accounting records, including support records such as invoices and accounting records on **electronic data processing media**, used to control and document the collection of money due from customers.

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#### *Actual Cash Value*

**Actual cash value** means the cost to repair or replace at the time of loss or damage with material of like kind and quality, less allowance for each of the following:

- physical deterioration;
- physical depreciation;
- obsolescence; and
- depletion.

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#### *Automatic Sprinkler System*

**Automatic sprinkler system** means:

- A. any automatic fire protection or extinguishing system, including connected:
  - 1. sprinklers and discharge nozzles;
  - 2. ducts, pipes, valves and fittings;
  - 3. tanks, their component parts and supports; and
  - 4. pumps and fire protection mains; and
- B. when supplied from an automatic fire protection system:
  - 1. non-automatic fire protection systems; and
  - 2. hydrants, standpipes and outlets.

---

#### *Building*

**Building** means:

- a structure;
- **building components**;
- completed additions;
- additions to the structure under construction, if not covered by other insurance; and
- alterations and repairs to the structure, if not covered by other insurance.



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**Definitions****WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:****Building**  
(continued)**Building** does not mean:

- land, water or air, either inside or outside of a structure;
- bulkheads, pilings, piers, wharves or docks;
- underground pipes, flues or drains;
- bridges, roadways, walks or patios;
- paved or concrete surfaces;
- retaining walls;
- cost of excavations, grading, backfilling or filling;
- foundations or supports of structures, machinery or boilers, below the surface of the lowest floor or basement;
- **outdoor trees, shrubs, plants or lawns;**
- fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers and outdoor signs not attached to a structure, all while outside of a structure; or
- any structure you do not own, occupy and are not legally or contractually required to insure.

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**Building Collapse****Building collapse:**

- A. means the actual abrupt falling down or caving in of all or any part of a structure caused by or resulting from:
  - 1. a **specified peril** or breakage of glass in **buildings;**
  - 2. decay that is hidden from view, unless the presence of such decay is known to an insured prior to the actual abrupt falling down or caving in of all or any part of a structure;
  - 3. insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to the actual abrupt falling down or caving in of all or any part of a structure;
  - 4. weight of people or **personal property;**
  - 5. weight of rain that collects on a roof; or
  - 6. use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation;
- B. includes such actual and abrupt falling down or caving in of all or any part of a structure, which is contributed to by the use of defective material or methods in construction, remodeling or renovation; and
- C. does not mean:
  - 1. a **building** or any part of a **building** that is in danger of falling down or caving in;



## General Provisions

### Definitions

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:

#### *Building Collapse (continued)*

2. a part of a **building** that is standing, even if it has separated from another part of the **building**; or
3. a **building** that is standing or any part of a **building** that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

#### *Building Components*

**Building components** means:

- glass forming a part of a structure;
- **personal property** consisting of materials, machinery, equipment, supplies and temporary structures used for making additions or repairs to a structure, if not covered by other insurance;
- outdoor fixtures;
- indoor signs;
- permanently installed fixtures, machinery and equipment; and
- **personal property** used to maintain or service a structure or its premises, provided you own such property.

#### *Building Or Renovations Under Construction*

**Building or renovations under construction** means:

- **buildings under construction**; or
- **renovations under construction**.

#### *Building Under Construction*

**Building under construction** means:

- A. a structure in the course of construction; and
- B. the following, if attached to the structure, intended to become a part of the structure, or within 100 feet of the premises shown in the Declarations where the structure is under construction:
  1. foundations;
  2. **building components**;
  3. building materials and supplies, including those in your care, custody or control:
    - a. at a job site awaiting and during installation; or
    - b. **in transit** to a job site; and
  4. temporary structures built or assembled on site, including cribbing, scaffolding and construction forms, if not covered by other insurance.

**Building under construction** does not mean:

- land, water or air, either inside or outside of a structure in the course of construction;
- bridges, roadways, walks or patios;

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**Definitions****WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:****Building Under Construction**  
(continued)

- paved or concrete surfaces;
- retaining walls;
- **outdoor trees, shrubs, plants or lawns;**
- **contractors' equipment;** or
- any structure in the course of construction you do not own, occupy and are not legally or contractually required to insure.

---

**Business Income****Business income means:**

- A. net profit or loss, including rental income from tenants, that would have been earned or incurred before income taxes. For manufacturing risks, net profit or loss includes the net sales value of production;
- B. your continuing normal:
  - 1. operating; and
  - 2. payroll, expenses;
- C. charges you incur which are the legal obligation of your tenant(s) which would otherwise be your obligations; and
- D. the cost you are required to pay to rent temporary premises when that portion of the premises shown in the Declarations occupied by you is untenable, not to exceed the fair rental value of such untenable portion of the **building** you occupy.

**Business income** does not mean bank interest or investment income.

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**Contractors' Equipment**

**Contractors' equipment** means the contractors' machinery and equipment, including accessories, tools and spare parts for the contractors' machinery and equipment, usual to your business which you own, lease or borrow, and for which you are liable.

**Contractors' equipment** does not mean:

- aircraft or watercraft;
  - motor vehicles required to be licensed for highway use, except motor vehicles on which your contractors' machinery or equipment is permanently mounted;
  - property while underground, except while in transit through vehicular or railroad tunnels;
  - office equipment, which is the contents of trailers, unless that equipment is otherwise shown;
  - property while waterborne or while being loaded or unloaded for waterborne transit, except while in transit on public ferries or car floats for hire;
  - property while leased or loaned to others; or
  - property while on any platform anchored, permanently or temporarily, in any body of water.
-



## General Provisions

### Definitions (continued)

#### WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:

##### Covered Peril

**Covered peril** means a peril covered by the Form (s) shown in the Property Insurance Schedule Of Forms, except Care, Custody Or Control Legal Liability, applicable to the lost or damaged **property**.

For the purposes of determining a **covered peril** for:

- **personal property of a dependent business premises;**
- **personal property of a utility; or**
- **service property,**

such property shall be treated as your **property** and subject to the terms and conditions of the forms shown in the Property Insurance Schedule Of Forms applicable to such loss or damage.

##### Dependent Business Premises

**Dependent business premises** means premises operated by others on whom you depend to:

- deliver materials or services to you or to others for your account (contributing premises);
- accept your products or services (recipient premises);
- manufacture products for delivery to your customers under contract of sale (manufacturing premises); or
- attract customers to your business (leader premises).

**Dependent business premises** does not mean premises:

- A. operated by others on whom you depend to:
  - 1. deliver utility services to you; or
  - 2. accept utility services from you; or
- B. of **on-line access providers**.

##### Electronic Data

**Electronic data** means software, data or other information that is in electronic form.

##### Electronic Data Processing Equipment

**Electronic data processing equipment** means:

- data processing systems;
- electronic systems consisting of separately identifiable and removable component memory or control boxes that are attached to and control production machinery, but not the production machinery itself; and
- equipment, component parts and related peripheral equipment, including air-conditioning and fire protection equipment, used solely for data processing operations.

**Electronic data processing equipment** does not mean:

- systems, equipment or parts held for sale or distribution;
- systems, equipment or parts that have been sold;

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**Definitions****WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:****Electronic Data  
Processing Equipment  
(continued)**

- systems, equipment or parts in the course of manufacture; or
- **telephone equipment.**

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**Electronic Data  
Processing Media****Electronic data processing media means:**

- punch cards, tapes, discs, diskettes, drums, cells;
- other magnetic or optical recording or storage devices;
- **electronic data** recorded on such media; and
- any original source material used to enter or program such information.

**Electronic data processing media** does not mean:

- media held for sale or distribution;
- media that has been sold;
- prepackaged software programs; or
- **telephone equipment.**

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**Electronic Data  
Processing Property****Electronic data processing property means:**

- **electronic data processing equipment;**
- **electronic data processing media;** and
- **telephone equipment.**

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**Electronic Data  
Recovery Costs****Electronic data recovery costs** means the reasonable and necessary costs you incur to:

- copy, re-create, replace or retrieve **electronic data** you own or use, or resides on a system you own or lease; and
- restore a system you own or lease to the functionality that existed prior to the **malicious programming.**

**Electronic data recovery cost** does not mean the cost to repair or replace **electronic data processing equipment** or **telephone equipment** which suffers direct physical loss or damage.

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**Extra Expense****Extra expense** means necessary expenses you incur:

- in an attempt to continue **operations**, over and above the expenses you would have normally incurred; and
- to repair or replace any **property**, or to research or restore the lost information on damaged **valuable papers**, records and media, to the extent it reduces the amount of **business income** loss that otherwise would have been payable under this insurance.

**Extra expense** does not include **electronic data recovery costs.**



## General Provisions

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### Definitions (continued)

#### WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:

##### *Fine Arts*

###### **Fine arts** means:

- paintings, rare books, manuscripts, pictures, prints, etchings, drawings, tapestries, bronzes, statuary, potteries, porcelains, marble and other bona fide works of art; or
- items of rarity or historical value.

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##### *Finished Stock*

**Finished stock** means goods you have manufactured which are in their completed state and ready for sale.

**Finished stock** does not include goods you have manufactured which are in their completed state and ready for sale on the premises of any retail outlet.

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##### *Flood*

###### **Flood** means:

- A. waves, tidal water or tidal waves; or
- B. arising or overflowing or breaking of any boundary,  
of natural or man-made lakes, reservoirs, ponds, brooks, rivers, streams, harbors, oceans or any other body of water or watercourse, whether driven by wind or not;
- C. any general and temporary condition of partial or complete inundation of normally dry land areas from:
  - 1. the unusual and rapid accumulation or runoff (including the seepage, leakage or influx) of surface waters from any source; or
  - 2. mudslides or mudflows which are caused by the unusual and rapid accumulation or runoff of surface waters from any source and are akin to a river of liquid and flowing mud on the surfaces of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current;
- D. any collapse or subsidence of land along the shore of a lake or other body of water as a result of erosion or undermining caused by waves or currents of water exceeding the cyclical levels which result in the rising or overflowing or breaking of any boundary of natural or man-made lakes, reservoirs, ponds, brooks, rivers, streams, harbors, oceans, or any other body of water or watercourse, whether driven by wind or not;
- E. water that backs up or overflows from a sewer, drain or sump; or
- F. water under the ground surface pressing on, or flowing or seeping through:
  - 1. foundations, walls, floors or paved surfaces;
  - 2. basements, whether paved or not; or
  - 3. doors, windows or other openings.

###### **Flood** does not include:

- fire, explosion or leakage from fire protection equipment that ensues from flood; or
  - tsunami resulting from earthquake.
-

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**Definitions**

(continued)

**WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:*****In Transit***

**In transit** means being shipped by air, surface or waterborne conveyance from the time beginning:

- when, if shipped from your premises in or on conveyances you own, lease or operate, the property departs your premises;
- when, if shipped from premises of others in or on conveyances you own, lease or operate, the property is transferred into your care, custody or control; or
- when the property is actually moved from the point of shipment bound for a specified destination, if shipped in or on any other conveyance;

and ending:

- when the property is accepted by, or on behalf of, the consignee at the intended destination;
- when the property is accepted by, or on behalf of, the consignee at any intermediate point short of reaching the original intended destination;
- at such point where you, or the owner of the property if other than you, order the property stopped and held pending instructions. However, this does not apply to property while in the custody of a carrier for hire and which is being held at a location other than the intended destination by such carrier's "on-hand" department for a period not to exceed 30 days; or
- when, if shipped to your premises in or on conveyances you own, lease or operate, the property arrives at your premises.

**In transit** includes ordinary, reasonable, and necessary stops, interruptions, delays, or transfers incidental to the route and method of shipment but not while at premises you own, lease or operate.

**In transit** also includes the period of time during which:

- there is a substantial and unauthorized deviation from the normal route by a carrier for hire; or
- the contract of carriage is, without your knowledge, abandoned en route by a carrier for hire, its agent, or its driver.

**In transit** does not mean:

- A. property shipped by mail, unless shipped by registered mail;
- B. import shipments, within the Coverage Territory, until such time as ocean marine insurance has ceased to cover such property;
- C. export shipments once:
  - 1. loaded on board any steamer or other watercraft; or
  - 2. ocean marine insurance has begun to cover such property,whichever occurs first; or
- D. property owned by others when you are acting as a carrier for hire.

---

***Malicious Programming***

**Malicious programming** means an illegal or malicious entry into **electronic data** or a **system** which results in functions that:

- distort;
- corrupt;



## General Provisions

### Definitions

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:

#### Malicious Programming (continued)

- manipulate;
- copy;
- delete;
- destroy; or
- slow down

such **electronic data** or **system**.

**Malicious programming** does not mean theft of telephone services.

#### Market Value

**Market value** means the price which the **fine arts** might be expected to realize if offered for sale in a fair market on the date of loss or damage.

#### Merchandise

**Merchandise** means goods:

- held for sale by you; or
- manufactured by you and ready for sale on the premises of any retail outlet.

#### Money

**Money** means:

- currency, coins, bank notes or bullion;
- food stamps;
- checks or drafts drawn on any account; or
- travelers checks, registered checks and money orders, held for sale to the public.

#### Net Rental Income

**Net rental income** means rental income less all costs that would have been incurred during the period of delay had there been no loss or damage.

#### Off Premises

**Off premises** means:

- in the custody of an armored motor vehicle company; or
- in the possession of any person authorized by you, but not while in the mail or in the custody of a carrier for hire other than an armored motor vehicle company.

#### On Premises

**On premises** means:

- on the premises shown in the Declarations;
- in a bank; or
- in a recognized place of safe deposit.



**Definitions**  
(continued)

**WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:**

**On-Line Access Providers**

**On-line access providers** means companies through whom you:

- access information made available by third parties; or
- make information available to third parties,  
via computer or other electronic system.

**Operations**

**Operations** means your business activities occurring at your premises prior to the loss, including the tenantability of such premises.

**Outdoor Property**

**Outdoor property** means:

- **outdoor trees, shrubs, plants or lawns;**
- outdoor fences;
- radio and television antennas (including satellite dishes); and
- signs not attached to structures.

**Outdoor Trees, Shrubs,  
Plants Or Lawns**

**Outdoor trees, shrubs, plants or lawns** means outdoor trees, shrubs, plants or lawns you own on the premises shown in the Declarations.

**Outdoor trees, shrubs, plants or lawns** does not mean:

- outdoor trees, shrubs, plants or lawns that you hold for sale; or
- growing crops.

**Overhead Communication,  
Transmission Or  
Distribution Equipment**

**Overhead communication, transmission or distribution equipment** means:

- overhead communication, transmission or distribution lines;
- overhead transformers; or
- other similar overhead communication, transmission or distribution equipment,  
and all their supporting towers and poles.

**Patterns, Molds And Dies**

**Patterns, molds and dies** means **personal property** consisting of patterns, molds, dies and other similar property usual to your business that are owned by you or in your care, custody or control.

**Period Of Restoration**

**Period of restoration** means the period of time that, for **business income**, begins:

- A. immediately after the time of direct physical loss or damage by a **covered peril to property**;  
or
- B. with the date **operations** would have begun if the direct physical loss or damage had not occurred, when loss or damage to any of the following delays the start of **operations**:
  - 1. **new buildings** whether complete or under construction;



## General Provisions

### Definitions

#### WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:

#### *Period Of Restoration (continued)*

2. alterations or additions to existing **buildings**; or
3. **personal property** consisting of materials, machinery, equipment, supplies and temporary structures used in the construction, or for making additions, alterations or repairs to the structure.

**Period of restoration** means the period of time that, for **extra expense**, begins immediately after the time of direct physical loss or damage by a **covered peril** to **property**.

**Period of restoration** will continue until your **operations** are restored, with reasonable speed, to the level which would generate the **business income** amount that would have existed if no direct physical loss or damage occurred, not to exceed the greater of:

- 30 consecutive days; or
- the number of consecutive days shown under Period of Restoration in the Declarations, beginning on the date the lost or damaged **property** is actually replaced and your **operations** are resumed.

The expiration date of this policy will not cut short the **period of restoration**.

If loss or damage occurs to a:

- **dependent business premises**; or
- utility,

for the purpose of determining **period of restoration** following such loss, **property** should also include:

- **personal property of a utility**; or
- **personal property of a dependent business premises**.

In determining the **business income** that would have existed if no direct physical loss or damage occurred, no consideration will be given to any **business income** loss caused by or resulting from unfavorable market conditions caused by or resulting from the impact that the **covered peril** had in the geographic area where the lost or damaged property is located.

**Period of restoration** does not include any increased period due to the enforcement of any ordinance or law that regulates the construction, use or repair, or requires the tearing down of any property.

#### *Personal Property*

#### **Personal property means:**

- all your business personal property;
- **patterns, molds and dies**;
- personal property you lease for which you have a written contractual responsibility to provide insurance;
- labor, materials and services furnished or arranged by you on **personal property of others**;
- indoor signs, fixtures, glass and other **tenant's improvements and betterments**; and
- glass in **buildings** you do not own if you are legally or contractually required to maintain such glass.

---

**Definitions****WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:****Personal Property**  
(continued)**Personal property** does not mean:

- **building**, except **tenant's improvements and betterments** and glass in **buildings** you do not own if you are legally or contractually required to maintain such glass;
- land, water or air, either inside or outside of a structure;
- retaining walls;
- foundations or supports of structures, machinery or boilers, below the surface of the lowest floor or basement;
- growing crops;
- **outdoor trees, shrubs, plants or lawns**;
- fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers and outdoor signs not attached to a structure, all while outside of a structure;
- vehicles or machines required to be licensed for use on public roads;
- trailers;
- **contractors' equipment**;
- watercraft in water;
- aircraft;
- **money or securities**;
- personal property sold under a conditional sale or trust agreement or an installment or deferred payment plan after delivery to customers, except as otherwise stated;
- import shipments prior to either discharge from aircraft or oceangoing vessel or termination of the risk assumed by cargo insurance;
- export shipments after either being loaded on aircraft or oceangoing vessel or having come under the protection of cargo insurance; or
- animals, except animals owned by you and held for sale.

---

**Personal Property Of A  
Dependent Business  
Premises****Personal property of a dependent business premises** means personal property owned or leased by a **dependent business premises**.**Personal property of a dependent business premises** does not mean:

- **building**;
- land, water or air, either inside or outside of a structure;
- retaining walls;
- foundations or supports of structures, machinery or boilers, below the surface of the lowest floor or basement;
- growing crops;
- **outdoor trees, shrubs, plants or lawns**;
- fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers and outdoor signs not attached to a structure, all while outside of a structure;



## General Provisions

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### Definitions

#### *Personal Property Of A Dependent Business Premises (continued)*

#### WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:

- vehicles or machines required to be licensed for use on public roads;
- trailers;
- **contractors' equipment;**
- watercraft in water;
- aircraft;
- **money or securities;**
- personal property sold under a conditional sale or trust agreement or an installment or deferred payment plan after delivery to customers; or
- animals.

---

#### *Personal Property Of Others*

**Personal property of others** means personal property not owned by you and in your care, custody or control.

**Personal property of others** does not mean:

- **buildings;**
- land, water or air, either inside or outside of a structure;
- retaining walls;
- foundations or supports of structures, machinery or boilers, below the surface of the lowest floor or basement;
- growing crops;
- **outdoor trees, shrubs, plants or lawns;**
- fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers and outdoor signs not attached to a structure, all while outside of a structure;
- vehicles or machines required to be licensed for use on public roads;
- trailers;
- **contractors' equipment;**
- watercraft in water;
- aircraft;
- **money or securities;**
- personal property sold under a conditional sale or trust agreement or an installment or deferred payment plan after delivery to customers;
- import shipments prior to either discharge from aircraft or oceangoing vessel or termination of the risk assumed by cargo insurance;
- export shipments after either being loaded on aircraft or oceangoing vessel or having come under the protection of cargo insurance; or

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**Definitions****WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:****Personal Property  
Of Others***(continued)*

- animals, except animals owned by others and boarded by you.

---

**Personal Property Of  
A Utility**

**Personal property of a utility** means personal property owned or leased by a utility.

**Personal property of a utility** does not mean:

- **building;**
- land, water or air, either inside or outside of a structure;
- retaining walls;
- foundations or supports of structures, machinery or boilers, below the surface of the lowest floor or basement;
- growing crops;
- **outdoor trees, shrubs, plants or lawns;**
- fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers and outdoor signs not attached to a structure, all while outside of a structure;
- vehicles or machines required to be licensed for use on public roads;
- trailers;
- **contractors' equipment;**
- watercraft in water;
- aircraft;
- **money or securities;**
- personal property sold under a conditional sale or trust agreement or an installment or deferred payment plan after delivery to customers; or
- animals.

---

**Pollutants**

**Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fibers, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be disposed of, recycled, reconditioned or reclaimed.

---

**Property**

**Property** means:

- **building;**
- **personal property;**
- **personal property of others;**
- **electronic data processing property;**
- **accounts receivable records;**
- **valuable papers;**



## General Provisions

### Definitions

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:

#### Property (continued)

- **fine arts;** or
- **research and development property.**

#### Prototype

**Prototype** means a first or original model of a new type of design.

#### Raw Stock

**Raw stock** means material in the state in which you receive it for conversion into **finished stock**.

#### Renovations Under Construction

**Renovations under construction** means additions, improvements, alterations or repairs to an existing structure, including:

- A. the following property located in the structure, on premises, within 100 feet of the premises shown in the Declarations or while **in transit** to the premises shown in the Declarations if such property is intended to become a permanent part of the structure:
  1. fixtures, machinery and equipment used to service the structure; and
  2. your building materials and supplies, or those in your care, custody or control, used in the construction; and
- B. temporary structures built or assembled on the premises shown in the Declarations, including cribbing, scaffolding and construction forms, if not covered by other insurance.

**Renovations under construction** does not mean:

- any portion of a structure existing prior to the additions, improvements, alterations or repairs;
- bridges, roadways, walks or patios;
- paved or concrete surfaces;
- retaining walls;
- **building under construction;**
- **contractors' equipment;** or
- land, water or air, either inside or outside of a structure.

#### Research And Development Operations

**Research and development operations** means your business activities occurring at your premises which are directly related to the development of new products or enhancement of existing products.

#### Research And Development Property

**Research and development property** means:

- written, printed or inscribed documents, plans, records or formulas;
- processes or cultures and resulting products, samples or other materials produced by such processes or cultures; and
- **prototype,**

if produced and directly associated with your **research and development operations**.

---

**Definitions****WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:****Research And  
Development Property  
(continued)**

**Research and development property** does not mean:

- animals;
- **money or securities**;
- property held for sale or held for delivery after sale; or
- goods you have manufactured which are in their completed state and ready for sale.

---

**Robbery Of Money  
Or Securities**

**Robbery of money or securities** means the unlawful taking of **money or securities** from:

- you;
- your partner;
- your employee; or
- any other person authorized by you to have custody of the **money or securities**,

by violence, threat of violence or any other overt felonious act committed in the presence and with cognizance of any such person.

---

**Salespersons' Samples**

**Salespersons' samples** means **personal property** that is in the custody of any one of your salespersons and used only for sample purposes.

---

**Securities**

**Securities** means:

- all negotiable and nonnegotiable instruments or contracts that represent either **money** or other property held by you in any capacity;
- revenue and other stamps in current use;
- tokens;
- tickets; and
- property of others that you hold as a pledge or as collateral for a loan.

**Securities** does not mean **money**.

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**Service Property**

**Service property** means property outside of a **building**, owned or leased by you and used either on or off the premises shown in the Declarations, to supply such premises with water, communication, power, natural gas or sewage treatment service.

---

**Sinkhole Collapse**

**Sinkhole collapse** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.

**Sinkhole collapse** does not mean:

- the cost of filling sinkholes; or
  - sinking or collapse of land into manmade underground cavities.
-



## General Provisions

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### Definitions (continued)

#### WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:

##### Soft Costs

**Soft costs** means costs over and above the costs you would have incurred during construction work, including:

- extra construction costs you incur to continue construction and meet contract dates;
- construction loan interest on money borrowed to finance construction;
- realty taxes and other assessments on the construction site accruing during a period of delay;
- architect, engineering and consultant fees;
- legal and accounting fees;
- insurance premiums;
- advertising and promotional expenses; and
- costs and commissions resulting from renegotiating leases.

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##### Specified Peril

**Specified peril** means:

- aircraft or self-propelled missiles;
- explosion;
- falling objects;
- fire or lightning;
- leakage from fire protection equipment;
- riot or civil commotion;
- **sinkhole collapse**;
- smoke;
- vandalism;
- vehicles;
- **volcanic action**;
- weight of snow, ice or sleet;
- **water damage**; or
- windstorm or hail.

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##### Stock

**Stock** means:

- goods held in storage or for sale;
- **raw stock**;
- **stock in process**;
- **finished stock**; or
- **merchandise**.



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**Definitions****WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:****Stock**  
*(continued)*

including supplies used in their packing or shipping.

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**Stock In Process**

**Stock in process** means **raw stock** that has undergone any aging, seasoning, mechanical or other process of manufacture but which has not become **finished stock**.

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**System**

**System** means a computer and all input, output, processing, storage, off-line media library, and communication facilities which are connected to such computer, provided such computer and facilities are:

- owned and operated by you;
- leased and operated by you; or
- utilized by you pursuant to a written contract.

---

**Telephone Equipment**

**Telephone equipment** means telephone systems and their component parts you own or are in your care, custody or control.

**Telephone equipment** does not mean telephone systems or their component parts for sale or sold.

---

**Tenant's Improvements  
And Betterments**

**Tenant's improvements and betterments** means fixtures, alterations, installations or additions:

- you make a part of a **building** you occupy but do not own; and
- you acquire or make at your expense but cannot legally remove.

**Tenant's improvements and betterments** does not mean:

- land, water or air, either inside or outside of a structure;
  - bridges, roadways, walks or patios;
  - paved or concrete surfaces;
  - underground pipes, flues or drains;
  - retaining walls;
  - foundations or supports of structures, machinery or boilers, below the surface of the lowest floor or basement;
  - **outdoor trees, shrubs, plants or lawns;**
  - growing crops;
  - bulkheads, pilings, piers, wharves or docks; or
  - fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers and outdoor signs not attached to a structure, all while outside of a structure.
-



## General Provisions

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### Definitions (continued)

#### WHEN USED WITH RESPECT TO INSURANCE UNDER THIS POLICY:

##### Unamortized

**Unamortized** means the period of time remaining in your lease at the time of loss or damage divided by the period of time from the date the **tenant's improvements and betterments** were made to the date that your lease expires.

---

##### Valuable Papers

**Valuable papers** means valuable:

- papers, documents, records, negatives, transparencies;
- tapes of all types; and
- original plans, blueprints, specifications or designs.

**Valuable papers** does not mean:

- **electronic data processing media;**
- prepackaged software programs;
- **money;** or
- **securities.**

---

##### Volcanic Action

**Volcanic action** means:

- airborne volcanic blast or shock waves;
- ash, dust or particulate matter; or
- lava flows,

arising out of the eruption of a volcano; and

- the cost to remove ash, dust or particulate matter from covered property arising out of an eruption of a volcano only when such ash, dust or particulate matter causes direct physical loss or damage to such covered property.

---

##### Water Damage

**Water damage** means accidental discharge or leakage of water or steam directly caused by or directly resulting from the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance, (other than a sump system including its related equipment and parts), that is located on the premises shown in the Declarations and contains water or steam.

PROPERTY

ENDORSEMENTS

## ***Property Insurance Section***

### ***Endorsements***



## Property Insurance

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### Endorsement

<i>Policy Period</i>	JUNE 1, 2007 TO JUNE 1, 2008
<i>Effective Date</i>	JUNE 1, 2007
<i>Policy Number</i>	7949-17-96
<i>Insured</i>	PUGET SOUND TRUCK LINES, INC DBA PUGET SOUND FREIGHT LINES, INC.
<i>Name of Company</i>	CHUBB CUSTOM INSURANCE COMPANY
<i>Date Issued</i>	JUNE 13, 2007

---

This Endorsement applies to the following forms:

GENERAL PROVISIONS  
BUILDING AND PERSONAL PROPERTY  
BUSINESS INCOME WITH EXTRA EXPENSE

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Under Exclusions, the following exclusion is added:

### Exclusions

#### Date Recognition

This insurance does not apply to loss or damage caused by or resulting from the inability or inadequacy of any:

- A.
  - 1. computer hardware, microprocessor or other semiconductor device;
  - 2. operating system, software or firmware;
  - 3. other **electronic data processing property**;
- B. microprocessor, other semiconductor device, operating system, software or firmware, not part of **electronic data processing property**;
- C. other system, machinery, equipment or component which is computerized, computer-controlled, microprocessor-controlled or electronic; or

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**Property Endorsement**  
(continued)

D. other system, machinery, equipment or component that is connected to or communicates with any of the foregoing,

to accept, retrieve, recognize, understand, interpret, identify, distinguish, process, communicate or otherwise use any date or time, regardless of any other cause or event that:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

such loss or damage, even if such other cause or event would otherwise be covered.

This Date Recognition Exclusion does not apply to ensuing loss or damage caused by or resulting from a **specified peril**.

All other terms and conditions remain unchanged.

Authorized Representative



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## Property Insurance

### Endorsement

<i>Policy Period</i>	JUNE 1, 2007 TO JUNE 1, 2008
<i>Effective Date</i>	JUNE 1, 2007
<i>Policy Number</i>	7949-17-96
<i>Insured</i>	PUGET SOUND TRUCK LINES, INC DBA PUGET SOUND FREIGHT LINES, INC.
<i>Name of Company</i>	CHUBB CUSTOM INSURANCE COMPANY
<i>Date Issued</i>	JUNE 13, 2007

This Endorsement applies to the following forms:

GENERAL PROVISIONS  
BUILDING AND PERSONAL PROPERTY  
BUSINESS INCOME WITH EXTRA EXPENSE

A new section titled Terrorism Provisions is added to the end of this contract.

### Terrorism Provisions

#### Certified Act Of Terrorism Exclusion

This insurance does not apply to loss or damage caused directly or indirectly by a **certified act of terrorism**. Loss or damage will be considered to have been caused by or resulting from a **certified act of terrorism** if the occurrence of that **certified act of terrorism**:

- directly and solely results in loss or damage; or
- initiates a sequence of events that results in loss or damage, regardless of the nature of any intermediate or final event in that sequence.

This Certified Act Of Terrorism exclusion does not apply to ensuing loss or damage caused by or resulting from fire. This exception for fire applies:

- only to direct physical loss or damage by fire to **building or personal property**. Therefore, for example, the exception does not apply to insurance provided under **business income** and/or **extra expense** or endorsements which apply to these forms, or to the Care, Custody Or Control Legal Liability or Leasehold Interest contracts; and
- if the fire would be covered under this insurance and there is a law in effect in the jurisdiction where the loss or damage occurs that expressly prohibits us from excluding such ensuing loss or damage.

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**Property Endorsement**  
(continued)

**Application Of Other  
Exclusions**

The terms and limitations of any terrorism exclusion or sublimit, or the inapplicability or omission of a terrorism exclusion or sublimit, do not serve to create coverage for any loss which would otherwise be excluded or sublimited under this policy, such as losses excluded by the Nuclear Hazard exclusion or the War And Military Action exclusion.

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**Ordinance Or Law Loss  
Payment Basis**

The Ordinance Or Law Loss Payment Basis provision does not apply to loss or damage caused by or resulting from fire which ensues from a **certified act of terrorism**.

---

**Ensuing Fire Loss  
Payment Basis Exception**

**Building or personal property** which suffers direct physical loss or damage caused by or resulting from fire which ensues from a **certified act of terrorism** is valued on an actual cash value basis, subject to all other exceptions described under Loss Payment Basis Exceptions.

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**Cap On Ensuing Fire  
Resulting From Certified  
Terrorism Losses**

With respect to fire resulting from any one, or more than one, **certified act of terrorism** under the **terrorism law**, we will not pay any amount for which we are not responsible pursuant to the terms of that **terrorism law** (including any subsequent action of Congress pursuant to the **terrorism law**) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

---

A new section titled Terrorism Definitions is added.

**Terrorism Definitions**

**Certified Act Of Terrorism**

**Certified act of terrorism** means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act:

- A. of terrorism, a violent act or an act that is dangerous to human life, property or infrastructure; and
- B. that results in damage:
  - 1. within the **United States**; or
  - 2. outside of the **United States** in the case of:
    - a. an air carrier or vessel as described in the **terrorism law**; or
    - b. the premises of a mission of the United States of America,

which was committed by an individual or individuals acting on behalf of any foreign person or foreign interest as part of an effort to:

- coerce the civilian population; or
  - influence the policy or affect the conduct of the Government,
- of the **United States**.



## Property Insurance

### Endorsement

**Effective Date** JUNE 1, 2007

**Policy Number** 7949-17-96

**Certified act of terrorism** does not include an act that:

- is committed as part of the course of a war declared by the Congress of the **United States**; or
- does not result in property and casualty insurance losses that exceed \$5 million in the aggregate.

#### State

**State** means any state of the United States of America, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, each of the United States Virgin Islands, and any territory or possession of the United States of America.

#### Terrorism Law

**Terrorism law** means the "Terrorism Risk Insurance Act of 2002" (Pub.L. 107-297) of the United States of America.

#### United States

**United States** means:

- a state; and
- the territorial sea and the continental shelf of the United States of America, as described in the **terrorism law**.

All other terms and conditions remain unchanged.

Authorized Representative

last page





## Property Insurance

### Endorsement

<i>Policy Period</i>	JUNE 1, 2007 TO JUNE 1, 2008
<i>Effective Date</i>	JUNE 1, 2007
<i>Policy Number</i>	7949-17-96
<i>Insured</i>	PUGET SOUND TRUCK LINES, INC DBA PUGET SOUND FREIGHT LINES, INC.
<i>Name of Company</i>	CHUBB CUSTOM INSURANCE COMPANY
<i>Date Issued</i>	JUNE 13, 2007

This Endorsement applies to the following forms:

GENERAL PROVISIONS  
BUILDING AND PERSONAL PROPERTY  
BUSINESS INCOME WITH EXTRA EXPENSE

### When This Endorsement Applies

The provisions of this endorsement will become applicable only if and only on the date when any one of the following first occurs:

- the Terrorism Risk Insurance Program ("Program"), established by the **terrorism law**, has terminated with respect to the type of insurance provided under this contract;
- a renewal, extension or continuation of the Program has become effective without a requirement to make terrorism insurance available to you under this contract; or
- the **terrorism law** has been replaced with a different law that redefines terrorism or makes insurance for terrorism losses subject to provisions or requirements that differ from those that apply to other types of losses under this contract.

The section titled Terrorism Provisions is deleted and replaced with the following:

### Terrorism Provisions

#### Terrorism Exclusion

This insurance does not apply to loss or damage caused by or resulting from:

- **terrorism**; or
- action in hindering or defending against an actual or expected incident of **terrorism**,

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**Property Endorsement**  
(continued)

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

Regardless of the amount of loss or damage, this Terrorism exclusion applies to any incident of **terrorism** that involves:

- nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- pathogenic or poisonous biological or chemical materials.

Except as provided for above, this Terrorism exclusion will only apply to an incident of **terrorism** in which the total of insured loss or damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000.

In determining whether the \$25,000,000 threshold is exceeded, we will include all insured loss or damage sustained by property of all persons and entities affected by the **terrorism** and business interruption losses sustained by owners or occupants of the lost or damaged property. For the purpose of this provision, insured loss or damage means loss or damage that is covered by any insurance, plus loss or damage that would be covered by any insurance but for the application of any **terrorism** exclusions. Multiple incidents of **terrorism** which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident.

The preceding paragraph describes the threshold used to measure the magnitude of an incident of **terrorism** and the circumstances in which the threshold will apply, for the purpose of determining whether the Terrorism exclusion will apply to that incident.

This Terrorism exclusion does not apply to ensuing loss or damage caused by or resulting from fire. This exception for fire applies:

- only to direct physical loss or damage by fire to **building or personal property**; and
- if the fire would be covered under this insurance and there is a law in effect in the jurisdiction where the loss or damage occurs that expressly prohibits us from excluding such ensuing loss or damage.

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**Ordinance Or Law Loss  
Payment Basis**

The Ordinance Or Law Loss Payment Basis provision does not apply to loss or damage caused by or resulting from fire which ensues from **terrorism**.

---



## Property Insurance

### Endorsement

Effective Date JUNE 1, 2007

Policy Number 7949-17-96

#### Ensuing Fire Loss Payment Basis Exception

**Building or personal property** which suffers direct physical loss or damage caused by or resulting from fire which ensues from **terrorism** is valued on an actual cash value basis, subject to all other exceptions described under Loss Payment Basis Exceptions.

The section titled Terrorism Definitions is deleted and replaced with the following:

#### Terrorism Definitions

##### Terrorism

**Terrorism** means activities against persons, organizations or property of any nature:

- A. that involve the following or preparation for the following:
  - 1. use or threat of force or violence;
  - 2. commission or threat of a dangerous act; or
  - 3. commission or threat of an act that interferes with or disrupts an electronic, communication, information or mechanical system; and
- B. when one or both of the following applies:
  - 1. the effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
  - 2. it appears from the standpoint of a reasonable person that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

##### Terrorism Law

**Terrorism law** means the "Terrorism Risk Insurance Act of 2002" (Pub.L.107-297) of the United States of America.

All other terms and conditions remain unchanged.

Authorized Representative



## Property Insurance

### Endorsement

<i>Policy Period</i>	JUNE 1, 2007 TO JUNE 1, 2008
<i>Effective Date</i>	JUNE 1, 2007
<i>Policy Number</i>	7949-17-96
<i>Insured</i>	PUGET SOUND TRUCK LINES, INC DBA PUGET SOUND FREIGHT LINES, INC.
<i>Name of Company</i>	CHUBB CUSTOM INSURANCE COMPANY
<i>Date Issued</i>	JUNE 13, 2007

This Endorsement applies to the following forms:

BUILDING AND PERSONAL PROPERTY  
BUSINESS INCOME WITH EXTRA EXPENSE  
GENERAL PROVISIONS

#### **When This Endorsement Applies**

The provisions of this endorsement will become applicable only if and only on the date when any one of the following first occurs:

- the Terrorism Risk Insurance Program ("Program"), established by the **terrorism law**, has terminated with respect to the type of insurance provided under this contract;
- a renewal, extension or continuation of the Program has become effective without a requirement to make terrorism insurance available to you under this contract; or
- the **terrorism law** has been replaced with a different law that redefines terrorism or makes insurance for terrorism losses subject to provisions or requirements that differ from those that apply to other types of losses under this contract.

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**Property Endorsement**  
(continued)

The section titled Terrorism Provisions is deleted and replaced with the following:

**Terrorism Provisions**

**Terrorism Exclusion**

This insurance does not apply to loss or damage caused directly or indirectly by **terrorism** or action in hindering or defending against an actual or expected incident of **terrorism**. Loss or damage will be considered to have been caused by or resulting from **terrorism** or action in hindering or defending against an actual or expected incident of **terrorism**, if the occurrence of that **terrorism** or action in hindering or defending against an actual or expected incident of **terrorism**:

- directly and solely results in loss or damage; or
- initiates a sequence of events that results in loss or damage, regardless of the nature of any intermediate or final event in that sequence.

Regardless of the amount of loss or damage, this Terrorism exclusion applies to any incident of **terrorism** that involves:

- nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- pathogenic or poisonous biological or chemical materials.

Except as provided for above, this Terrorism exclusion will only apply to an incident of **terrorism** in which the total of insured loss or damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000.

In determining whether the \$25,000,000 threshold is exceeded, we will include all insured loss or damage sustained by property of all persons and entities affected by the **terrorism** and business interruption losses sustained by owners or occupants of the lost or damaged property. For the purpose of this provision, insured loss or damage means loss or damage that is covered by any insurance, plus loss or damage that would be covered by any insurance but for the application of any **terrorism** exclusions. Multiple incidents of **terrorism** which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident.

The preceding paragraph describes the threshold used to measure the magnitude of an incident of **terrorism** and the circumstances in which the threshold will apply, for the purpose of determining whether the Terrorism exclusion will apply to that incident.

This Terrorism exclusion does not apply to ensuing loss or damage caused by or resulting from fire. This exception for fire applies:

- only to direct physical loss or damage by fire to **building or personal property**; and
- if the fire would be covered under this insurance and there is a law in effect in the jurisdiction where the loss or damage occurs that expressly prohibits us from excluding such ensuing loss or damage.



## Property Insurance

### Endorsement

Effective Date JUNE 1, 2007

Policy Number 7949-17-96

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#### Ordinance Or Law Loss Payment Basis

The Ordinance Or Law Loss Payment Basis provision does not apply to loss or damage caused by or resulting from fire which ensues from **terrorism**.

---

#### Ensuing Fire Loss Payment Basis Exception

**Building or personal property** which suffers direct physical loss or damage caused by or resulting from fire which ensues from **terrorism** is valued on an actual cash value basis, subject to all other exceptions described under Loss Payment Basis Exceptions.

---

The section titled Terrorism Definitions is deleted and replaced with the following:

#### Terrorism Definitions

##### Terrorism

**Terrorism** means activities against persons, organizations or property of any nature:

- A. that involve the following or preparation for the following:
  - 1. use or threat of force or violence;
  - 2. commission or threat of a dangerous act; or
  - 3. commission or threat of an act that interferes with or disrupts an electronic, communication, information or mechanical system; and
- B. when one or both of the following applies:
  - 1. the effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
  - 2. it appears from the standpoint of a reasonable person that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

---

##### Terrorism Law

**Terrorism law** means the "Terrorism Risk Insurance Act of 2002" (Pub.L.107-297) of the United States of America.

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**Property Endorsement**  
(continued)

All other terms and conditions remain unchanged.

Authorized Representative

Robert Hamburger



## Property Insurance

### Endorsement

<i>Policy Period</i>	JUNE 1, 2007 TO JUNE 1, 2008
<i>Effective Date</i>	JUNE 1, 2007
<i>Policy Number</i>	7949-17-96
<i>Insured</i>	PUGET SOUND TRUCK LINES, INC DBA PUGET SOUND FREIGHT LINES, INC.
<i>Name of Company</i>	CHUBB CUSTOM INSURANCE COMPANY
<i>Date Issued</i>	JUNE 13, 2007

This Endorsement applies to the following forms:

BUILDING AND PERSONAL PROPERTY

### SCHEDULE

Premises:

Excluded Premises

The following applies to all forms shown above:

Under Additional Coverages, the following is added:

### Additional Coverages

#### *Biological Agents Clean Up Or Removal*

We will pay the costs you incur to clean up, remove, restore or replace covered property because of the presence of **biological agents** at the premises shown in the Declarations.

The most we will pay at the premises for the sum of all such covered costs that occur during each separate 12-month policy period, regardless of whether this Additional Coverage appears in any other contract or contracts that form part of this policy is:

- \$15,000; or
- the applicable Limit Of Insurance for Biological Agents Clean Up Or Removal shown in the Schedule above,

whichever is greater.



---

**Property Endorsement**  
(continued)

We will not pay for the costs to test for, monitor, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **biological agents**, other than payment for testing that is performed during the clean up or removal of the **biological agents**.

This Additional Coverage does not apply if the presence of **biological agents**:

- A. is caused by or results from:
  - 1. a peril that is excluded under this insurance; or
  - 2. moisture, other than **water** or **flood**, if the **flood** would be covered under this insurance;
- B. existed prior to the effective date shown in the Declarations;
- C. is not reported to us in writing as soon as possible after you first become aware, or in the exercise of reasonable care, should have been aware of the presence of the **biological agents**; or
- D. is at premises shown under Excluded Premises in the Schedule above.

---

Under Exclusions, the following is added:

**Exclusions**

**Biological Agents**

This insurance does not apply to loss or damage:

- which is a **biological agent**;
- which is in any way attributed to the presence of a **biological agent**; or
- caused by or resulting from a **biological agent**,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

This Biological Agents exclusion does not apply:

- A. when the presence of a **biological agent** results from:
  - 1. explosion;
  - 2. fire;



## Property Insurance

### Endorsement

Effective Date JUNE 1, 2007

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- 
3. leakage from fire protection equipment; or
  4. lightning; or
- B. to the extent insurance is provided under the Biological Agent Clean Up Or Removal Additional Coverage.
- 

Under Definitions, the Definition of Pollutants is deleted and replaced with the following:

### Definitions

#### Pollutants

**Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fibers, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be disposed of, recycled, reconditioned or reclaimed.

**Pollutants** does not mean a **biological agent**.

---

Under Definitions, the following definitions are added:

### Definitions

#### Biological Agents

**Biological agents** means any:

- A.
    1. bacteria;
    2. mildew, mold, or other fungi;
    3. other microorganisms; or
    4. any mycotoxins, spores, or other by-products of any of the foregoing;
  - B. viruses or other pathogens (whether or not a microorganism); or
  - C. colony or group of any of the foregoing.
- 

#### Water

**Water** means water that:

- escapes from processing equipment, plumbing systems, refrigeration systems, cooling systems or heating systems (other than underground storage tanks, underground piping or underground tubing) provided such water is intended to be contained in such processing equipment, plumbing systems, refrigeration systems, cooling systems or heating systems;

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**Property Endorsement**  
(continued)

- backs up or overflows through sewers, drains or sumps;
- seeps or leaks through basements, foundations, roofs, walls, floors or ceilings of any building or other structure; or
- enters doors, windows or other openings in any building or other structure.

All other terms and conditions remain unchanged.

Authorized Representative





## Property Insurance

### Endorsement

<i>Policy Period</i>	JUNE 1, 2007 TO JUNE 1, 2008
<i>Effective Date</i>	JUNE 1, 2007
<i>Policy Number</i>	7949-17-96
<i>Insured</i>	PUGET SOUND TRUCK LINES, INC DBA PUGET SOUND FREIGHT LINES, INC.
<i>Name of Company</i>	CHUBB CUSTOM INSURANCE COMPANY
<i>Date Issued</i>	JUNE 13, 2007

This Endorsement applies to the following forms:

BUSINESS INCOME WITH EXTRA EXPENSE

### SCHEDULE

#### Excluded Premises

If Business Income With Extra Expense is shown above, the following applies.

Under Extensions of Coverage, the following is added:

#### **Extensions Of Coverage**

##### **Biological Agents Clean Up Or Removal**

We will pay for the actual:

- **business income** loss; and
- **extra expense,**

you incur due to the actual suspension of your **operations** during the **period of restoration**.

This actual suspension of **operations** must be caused by or result from the presence of **biological agents** at your premises shown in the Declarations.

Coverage will begin immediately after the date the **biological agents** first appeared and will end:

- 30 days after this coverage begins; or
- when your **business income** coverage ends,

whichever occurs first.

---

**Property Endorsement**  
(continued)

The 30 days shown above do not need to be in consecutive order.

This Extension of Coverage does not apply if the presence of **biological agents**:

- A. is caused by or results from:
  - 1. a peril that is excluded under this insurance; or
  - 2. moisture, other than **water** and **flood**, if **flood** would be covered under this insurance;
- B. existed prior to the effective date shown in the Declarations;
- C. is not reported to us in writing as soon as possible after you first become aware, or in the exercise of reasonable care should have been aware, of the presence of the **biological agents**;  
or
- D. is at premises shown under Excluded Premises in the Schedule above.

---

If Business Income Without Extra Expense is shown above, the following applies.

Under Extensions of Coverage, the following is added:

**Extensions Of  
Coverage**

**Biological Agents  
Clean Up Or Removal**

We will pay for the actual **business income** loss you incur due to the actual suspension of your **operations** during the **period of restoration**.

This actual suspension of **operations** must be caused by or result from the presence of **biological agents** at your premises shown in the Declarations.

Coverage will begin immediately after the date the **biological agents** first appeared and will end:

- 30 days after this coverage begins; or
- when your **business income** coverage ends,

whichever occurs first.

The 30 days shown above do not need to be in consecutive order.

This Extension of Coverage does not apply if the presence of **biological agents**:

- A. is caused by or results from:
  - 1. a peril that is excluded under this insurance; or
  - 2. moisture, other than **water** and **flood**, if **flood** would be covered under this insurance;



## Property Insurance

### Endorsement

Effective Date JUNE 1, 2007

Policy Number 7949-17-96

- 
- B. existed prior to the effective date shown in the Declarations;
- C. is not reported to us in writing as soon as possible after you first become aware, or in the exercise of reasonable care should have been aware, of the presence of the **biological agents**; or
- D. is at premises shown under Excluded Premises in the Schedule above.
- 

If Extra Expense is shown above, the following applies.

Under Extensions of Coverage, the following is added:

#### Extensions Of Coverage

##### Biological Agents Clean Up Or Removal

We will pay for the actual **extra expense** you incur due to the actual suspension of your **operations** during the **period of restoration**.

This actual suspension of **operations** must be caused by or result from the presence of **biological agents** at your premises shown in the Declarations.

Coverage will begin immediately after the date the **biological agents** first appeared and will end:

- 30 days after this coverage begins; or
- when your **extra expense** coverage ends,

whichever occurs first.

The 30 days shown above do not need to be in consecutive order.

This Extension of Coverage does not apply if the presence of **biological agents**:

- A. is caused by or results from:
1. a peril that is excluded under this insurance; or
  2. moisture, other than **water and flood**, if **flood** would be covered under this insurance;
- B. existed prior to the effective date shown in the Declarations;
- C. is not reported to us in writing as soon as possible after you first become aware, or in the exercise of reasonable care should have been aware, of the presence of the **biological agents**; or

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**Property Endorsement**  
(continued)

D. is at premises shown under Excluded Premises in the Schedule above.

---

Under Exclusions, the following is added:

**Exclusions**

**Biological Agents**

This insurance does not apply to loss or damage:

- which is a **biological agent**;
- which is in any way attributed to the presence of a **biological agent**; or
- caused by or resulting from a **biological agent**,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to;
- contributes in any sequence to; or
- worsens,

the loss or damage, even if such other cause or event would otherwise be covered.

This Biological Agents exclusion does not apply:

A. when the presence of a **biological agent** results from:

1. explosion;
2. fire;
3. leakage from fire protection equipment; or
4. lightning; or

B. to the extent insurance is provided under the Biological Agents Clean Up Or Removal Additional Coverage.

---

Under Definitions and only for the purposes of this endorsement, Extra Expense is deleted and replaced by the following:

**Definitions**

**Extra Expense**

**Extra Expense** means necessary expenses you incur in an attempt to continue **operations**, over and above the expenses you would have normally incurred.

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## ***Property Insurance***

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### ***Endorsement***

*Effective Date*            JUNE 1, 2007

*Policy Number*            7949-17-96

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### ***Definitions***

The Definitions shown in the Special Property Provisions - Biological Agents Endorsement, Form 10-02-1128, apply to this Endorsement.

All other terms and conditions remain unchanged.

*Authorized Representative*



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## Property Insurance

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### Endorsement

<i>Policy Period</i>	JUNE 1, 2007 TO JUNE 1, 2008
<i>Effective Date</i>	JUNE 1, 2007
<i>Policy Number</i>	7949-17-96
<i>Insured</i>	PUGET SOUND TRUCK LINES, INC DBA PUGET SOUND FREIGHT LINES, INC.
<i>Name of Company</i>	CHUBB CUSTOM INSURANCE COMPANY
<i>Date Issued</i>	JUNE 13, 2007

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This Endorsement applies to the following forms:

COMMON POLICY CONDITIONS  
PROPERTY DECLARATIONS  
BUILDING AND PERSONAL PROPERTY  
BUSINESS INCOME (WITH EXTRA EXPENSE)

---

#### PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS EXCLUSION

IT IS HEREBY AGREED THAT COVERAGE FOR PERSONAL PROPERTY AND  
PERSONAL PROPERTY OF OTHERS IS EXCLUDED FROM THIS POLICY WHEN  
IT IS LEFT LOADED IN CONTAINERS OR TRAILERS OVERNIGHT.

All other terms and conditions remain unchanged.

Authorized Representative



## Property Insurance

### Endorsement

<i>Policy Period</i>	JUNE 1, 2007 TO JUNE 1, 2008
<i>Effective Date</i>	JUNE 1, 2007
<i>Policy Number</i>	7949-17-96
<i>Insured</i>	PUGET SOUND TRUCK LINES, INC DBA PUGET SOUND FREIGHT LINES, INC.
<i>Name of Company</i>	CHUBB CUSTOM INSURANCE COMPANY
<i>Date Issued</i>	JUNE 13, 2007

This Endorsement applies to the following forms:

PROPERTY DECLARATIONS  
BUILDING AND PERSONAL PROPERTY  
BUSINESS INCOME (WITH EXTRA EXPENSE)

#### VALUATION BASIS

IT IS AGREED THAT REPLACEMENT COST VALUATION APPLIES TO BUILDING AND BUSINESS PERSONAL PROPERTY, EXCEPT ACTUAL CASH VALUE IS APPLY TO PERSONAL PROPERTY OF OTHERS.

All other terms and conditions remain unchanged.

Authorized Representative



## **Property Insurance**

### **Endorsement**

<i>Policy Period</i>	JUNE 1, 2007 TO JUNE 1, 2008
<i>Effective Date</i>	JUNE 1, 2007
<i>Policy Number</i>	7949-17-96
<i>Insured</i>	PUGET SOUND TRUCK LINES, INC DBA PUGET SOUND FREIGHT LINES, INC.
<i>Name of Company</i>	CHUBB CUSTOM INSURANCE COMPANY
<i>Date Issued</i>	JUNE 13, 2007

This Endorsement applies to the following forms:  
BUILDING AND PERSONAL PROPERTY  
BUSINESS INCOME WITH EXTRA EXPENSE

### **SCHEDULE**

Premises:	3480 W MARGINAL WAY SW	BLDG # 1
	SEATTLE, WASHINGTON 98106	

**Policy language follows**

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## Property Insurance

### Endorsement

Effective Date JUNE 1, 2007

Policy Number 7949-17-96

Under Loss Payment Basis, and only with respect to the premises shown in the Schedule of Premises above, Loss Payment Basis is deleted and replaced with the following:

### Loss Payment Basis

Subject to the applicable Limit Of Insurance shown in the Declarations:

- A. Covered property is valued on a replacement cost basis as described below, unless:
  - 1. the Loss Payment Basis shown in the Declarations or below is actual cash value; or
  - 2. otherwise stated under Loss Payment Basis Exceptions; and
- B. **contractors' equipment** is valued on an actual cash value basis as described below, unless:
  - 1. the Loss Payment Basis shown in the Declarations is replacement cost; or
  - 2. otherwise stated under Loss Payment Basis Exceptions; and
- C. valuation also includes, for:
  - 1. **building, personal property or building or renovations under construction**, costs you incur as described below under Ordinance Or Law or Construction Fees; and
  - 2. **personal property while in transit**, general average and salvage charges you incur on covered waterborne shipments of **personal property**.

For **personal property of employees**, we will not pay more than the amount for which you are legally liable.

### Our Loss Payment Options

In the event of loss or damage covered by this insurance, at our option we will either:

- pay the covered value of the lost or damaged covered property;
- pay the cost of repairing or replacing the lost or damaged covered property plus any reduction in value of the repaired item;
- take all or any part of the covered property at an agreed or appraised value; or
- repair or replace the covered property with other such property of comparable material and quality for the same use or occupancy.

### Replacement Cost Basis

Lost or damaged covered property will be valued on the lesser of:

- 1. the cost to replace on the same premises, the lost or damaged property:
  - a. of comparable material and quality; and
  - b. used for the same purposes; or
- 2. the amount you actually spend to repair or replace the lost or damaged property.

If you do not repair or replace the covered property, we will only pay as provided under Actual Cash Value Basis.

---

## **Loss Payment Basis**

### **Replacement Cost Basis (continued)**

If you commence the repair or replacement of the lost or damaged **building or personal property** within 6 months from the date of the loss or damage, we will pay you the difference between the actual cash value previously paid and the lesser of the replacement cost at the time of:

- loss or damage; or
- actual replacement.

---

### **Actual Cash Value Basis**

If the Loss Payment Basis shown in the Declarations is actual cash value, lost or damaged covered property will be valued at the cost to repair or replace such property at the time of loss or damage with material of like kind and quality, less allowance for each of the following:

- physical deterioration;
- physical depreciation;
- obsolescence; and
- depletion.

**Contractors' equipment** is valued on an actual cash value basis as described above, unless the Loss Payment Basis shown in the Declarations is replacement cost.

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### **Construction Fees**

Covered property valuation includes necessary and incurred architectural, engineering, consulting, decorating and supervisory fees related to the construction and repair of the lost or damaged **building, personal property and building or renovations under construction.**

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### **Ordinance Or Law**

If there is an ordinance or law in effect at the time of loss or damage that regulates zoning, land use or construction of a **building, personal property or building or renovations under construction**, and if that ordinance or law affects the repair or replacement of the lost or damaged **building, personal property or building or renovations under construction**, and if you:

- A. repair or replace the **building, personal property or building or renovations under construction** as soon as reasonably possible, the valuation will include:
1. a. the replacement cost of the damaged and undamaged portions of the **building, personal property or building or renovations under construction**; or
  - b. the actual cash value of the damaged and undamaged portions of the **building, personal property or building or renovations under construction** (if the applicable Loss Payment Basis shown in the Declarations is actual cash value);
  2. the costs to demolish and clear the site of the undamaged portion of the **building, personal property or building or renovations under construction**; and
  3. the increased cost to repair or replace the **building or building or renovations under construction** to the same general size or **personal property** for the same general use, to the minimum standards of such ordinance or law, except we will not include any costs:
    - a. for land, water or air, either inside or outside of a **building**;
    - b. for paved or concrete surfaces, retaining walls, foundations or supports below the surface of the lowest floor or basement, unless specially covered by this policy, or **outdoor trees, shrubs, plants or lawns**;
    - c. incurred outside the legal property boundary of the premises shown in the Declarations;



## Property Insurance

### Endorsement

Effective Date JUNE 1, 2007

Policy Number 7949-17-96

### Loss Payment Basis

#### Ordinance Or Law (continued)

- d. if **building, personal property or building or renovations under construction** is valued on an actual cash value basis; or
  - e. for any ordinance or law that you were required to, but failed to, comply with before the loss; or
- B. do not repair or replace the **building, personal property or building or renovations under construction**, the valuation will include:
- 1. the actual cash value of the damaged and undamaged portions of the **building, personal property or building or renovations under construction**; and
  - 2. the cost to demolish and clear the site of the undamaged portion of the **building, personal property or building or renovations under construction**.

When direct physical loss or damage is caused by or results from both:

- a peril not otherwise excluded; and
- an excluded peril,

the valuation will not include the Ordinance Or Law costs attributable to the excluded peril. Instead, the valuation will be based on the portion of such costs equal to the proportion that the covered direct physical loss or damage bears to the total direct physical loss or damage, not including Ordinance Or Law costs, unless the Ordinance Or Law applies solely to that portion of the **building, personal property or building or renovations under construction** which suffered the covered direct physical loss or damage.

The valuation will not include any costs:

- associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**; or
- for undamaged **tenant's improvements and betterments** that are payable under the Additional Coverage for Leasehold Interest - Undamaged Tenant's Improvements and Betterments.

Under Definitions, and only with respect to the premises shown in the Schedule of Premises above, the definition of Period Of Restoration is deleted and replaced by the following:

### Definitions

#### Period Of Restoration

**Period of restoration** means the period of time that, for **business income**, begins:

- A. immediately after the time of direct physical loss or damage by a **covered peril to property**;  
or

---

## Definitions

### Period Of Restoration (continued)

- B. with the date **operations** would have begun if the direct physical loss or damage had not occurred, when loss or damage to any of the following delays the start of **operations**:
1. **new buildings** whether complete or under construction;
  2. alterations or additions to existing **buildings**; or
  3. **personal property** consisting of materials, machinery, equipment, supplies and temporary structures used in the construction, or for making additions, alterations or repairs to the structure.

**Period of restoration** means the period of time that, for **extra expense**, begins immediately after the time of direct physical loss or damage by a **covered peril to property**.

**Period of restoration** will continue until your **operations** are restored, with reasonable speed, to the level which would generate the **business income** amount that would have existed if no direct physical loss or damage occurred, including the time required to:

- A. repair or replace the **property**; or
- B. repair or replace the **property** to comply with the minimum standards of any ordinance or law that:
1. regulates the repair or replacement of any **property**;
  2. requires the tearing down of parts of any **property** not damaged by a **covered peril**; and
  3. is in force on the date of the direct physical loss or damage,

not to exceed the greater of:

- 30 consecutive days; or
- the number of consecutive days shown under Period of Restoration in the Declarations,

beginning on the date the lost or damaged **property** is actually replaced and your **operations** are resumed.

The expiration date of this policy will not cut short the **period of restoration**.

If loss or damage occurs to a:

- **dependent business premises**; or
- utility,

for the purpose of determining **period of restoration** following such loss, **property** should also include:

- **personal property of a utility**; or
- **personal property of a dependent business premises**.

In determining the **business income** that would have existed if no direct physical loss or damage occurred, no consideration will be given to any **business income** loss caused by or resulting from unfavorable market conditions caused by or resulting from the impact that the **covered peril** had in the geographic area where the lost or damaged property is located.





## Property Insurance

### Endorsement

Effective Date JUNE 1, 2007

Policy Number 7949-17-96

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### Definitions

*Period Of Restoration*  
(continued)

**Period of restoration** does not include any increased period required to comply with any ordinance or law;

- you were required to comply with before the direct physical loss or damage;
- involving any property outside the legal boundary of the premises shown in the Declarations;
- that regulates the repair or replacement of any property that was lost or damaged by an excluded peril. If direct physical loss or damage is caused by or results from both a **covered peril** and an excluded peril, the **period of restoration** only includes the length of time required to repair or replace the property lost or damaged by a **covered peril**; or
- that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **pollutants**.

All other terms and conditions remain unchanged.

Authorized Representative

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## ***Common Policy Conditions Section***



## ***Policy Conditions***

### ***Schedule of Forms***

***Policy Period*** JUNE 1, 2007 TO JUNE 1, 2008  
***Effective Date*** JUNE 1, 2007  
***Policy Number*** 7949-17-96  
***Insured*** PUGET SOUND TRUCK LINES, INC  
DBA PUGET SOUND FREIGHT LINES, INC.  
***Name of Company*** CHUBB CUSTOM INSURANCE COMPANY  
***Date Issued*** JUNE 13, 2007

The following is a schedule of forms issued as of the date shown above:

<b><i>Form Number</i></b>	<b><i>Edition Date</i></b>	<b><i>Form Name</i></b>	<b><i>Effective Date</i></b>	<b><i>Date Issued</i></b>
10-02-0402	2-98	CCIC - SERVICE OF SUIT	06/01/07	06/13/07
10-02-1086	1-02	COMMON POLICY CONDITIONS	06/01/07	06/13/07
10-02-1594	4-06	MINIMUM EARNED PREMIUM (PERCENTAGE)	06/01/07	06/13/07
80-02-9765	1-04	COMPLIANCE W/APPLICABLE TRADE SANCTION LAWS	06/01/07	06/13/07
99-10-0792	9-04	IMPORTANT NOTICE - OFAC	06/01/07	06/13/07

*last page*



## **Common Policy Conditions**

---

### **Contract**

#### **Conditions**

The following Conditions are included under each part of the policy, unless stated otherwise.

#### **Audit Of Books And Records**

We may audit your books and records as they relate to this insurance at any time during the term of this policy and up to three years afterwards.

---

#### **Cancellation**

The first named insured may cancel this policy or any of its individual coverages at any time by sending us a written request or by returning the policy and stating when thereafter cancellation is to take effect.

We may cancel this policy or any of its individual coverages at any time by sending to the first named insured a notice 30 days (10 days in the event of non-payment of premium) in advance of the cancellation date. Our notice of cancellation will be mailed to the first named insured's last known address, and will indicate the date on which coverage is terminated. If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

The earned premium will be computed on a pro rata basis. Any unearned premium will be returned as soon as practicable.

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#### **Changes**

This policy can only be changed by a written endorsement that becomes part of this policy. The endorsement must be signed by one of our authorized representatives.

---

#### **Compliance By Insureds**

We have no duty to provide coverage under this policy unless you and any other involved insured have fully complied with all of the terms and conditions of the policy.

---

#### **Conformance**

Any terms of this insurance which are in conflict with the applicable statutes of the State in which this policy is issued are amended to conform to such statutes.

---

#### **First Named Insured**

The person or organization first named in the Declarations is primarily responsible for payment of all premiums. The first named insured will act on behalf of all other named insureds for the giving and receiving of notice of cancellation or nonrenewal and the receiving of any return premiums that become payable under this policy.

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#### **Inspections And Surveys**

We may:

- make inspections and surveys at any time;
- give you reports on the conditions we find; and
- recommend changes.

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## **Conditions**

### ***Inspections And Surveys (continued)***

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- are safe or healthful; or
- comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations for us.

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### ***Titles Of Paragraphs***

The titles of the various paragraphs of this policy and endorsements, if any, attached to this policy are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect the provisions to which they relate.

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### ***Transfer Of Rights And Duties***

Your rights and duties under this insurance may not be transferred without our written consent. However, if you die, then your rights and duties will be transferred to your legal representative, but only while acting within the scope of duties as your legal representative, or to anyone having temporary custody of your property until your legal representative has been appointed.

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### ***When We Do Not Renew***

If we decide not to renew this policy, we will mail or deliver to the first named insured stated in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date. If notice of nonrenewal is mailed, proof of mailing will be sufficient proof of notice.

COMMON

POLICY

ENDORSEMENTS

## ***Common Policy Conditions Section***

## ***Endorsements***



## Policy Conditions

### Endorsement

*Policy Period* JUNE 1, 2007 TO JUNE 1, 2008  
*Effective Date* JUNE 1, 2007  
*Policy Number* 7949-17-96  
*Insured* PUGET SOUND TRUCK LINES, INC  
DBA PUGET SOUND FREIGHT LINES, INC.  
*Name of Company* CHUBB CUSTOM INSURANCE COMPANY  
*Date Issued* JUNE 13, 2007

This Endorsement applies to the following forms:

COMMON POLICY CONDITIONS

The following Condition is added:

### Conditions

#### *Compliance With Applicable Trade Sanction Laws*

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance.

All other terms and conditions remain unchanged.

Authorized Representative



## Endorsement

*Policy Period* JUNE 1, 2007 TO JUNE 1, 2008  
*Effective Date* JUNE 1, 2007  
*Policy Number* 7949-17-96  
*Insured* PUGET SOUND TRUCK LINES, INC  
DBA PUGET SOUND FREIGHT LINES, INC.  
*Name of Company* CHUBB CUSTOM INSURANCE COMPANY  
*Date Issued* JUNE 13, 2007

This Endorsement applies to the following forms:

### COMMON POLICY CONDITIONS

#### ***Service Of Suit Conditions***

#### **UNDER CONDITIONS, THE FOLLOWING CONDITION IS ADDED:**

In the event we fail to pay any amount claimed to be due under this insurance at your request we will submit to the jurisdiction of a court of competent jurisdiction within the United States of America. Nothing in this condition constitutes or should be understood to constitute a waiver of our rights to commence an action in any court of competent jurisdiction in the United States or to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States.

Service of process in such suit may be made upon President, Chubb Custom Insurance Company, 15 Mountain View Road, P.O. Box 1615, Warren, NJ 07061-1615, or his/her nominee.

The above named is authorized and directed to accept service of process on our behalf in any such suit and/or upon the request to give you a written undertaking that we will enter a general appearance in the event such a suit shall be instituted.

In accordance with any statute of any state, territory or district of the United States of America, which makes provision therefore, we designate the Superintendent, Commissioner or Director of Insurance, Secretary of State or other officer or officers specified for that purpose in the statute or his or their successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on your behalf or the behalf of any beneficiary arising out of this contract of insurance, and hereby designate President, Chubb Custom Insurance Company or his/her nominee, as the person to whom the said officer is authorized to mail such process or a true copy thereof.

All other terms and conditions remain unchanged.

Authorized Representative





## Policy Conditions

### Endorsement

*Policy Period* JUNE 1, 2007 TO JUNE 1, 2008  
*Effective Date* JUNE 1, 2007  
*Policy Number* 7949-17-96  
*Insured* PUGET SOUND TRUCK LINES, INC  
DBA PUGET SOUND FREIGHT LINES, INC.  
*Name of Company* CHUBB CUSTOM INSURANCE COMPANY  
*Date Issued* JUNE 13, 2007

This Endorsement applies to the following forms:

COMMON POLICY CONDITIONS

### SCHEDULE

#### Minimum Earned Premium

25 %

#### **Minimum Earned Premium (Percentage)**

The following Additional Condition is added:

In the event of cancellation of this policy by the first named insured, the premium we retain will not be less than the premium for the full original period of coverage times the Minimum Earned Premium percentage shown in the Schedule above.

All other terms and conditions remain unchanged.

Authorized Representative

## **UNITED STATES AVIATION UNDERWRITERS, INC.**

**To:** USAIG Policy Holders

**THIS NOTICE IS FOR YOUR INFORMATION. IT IS PROVIDED ON BEHALF OF THE COMPANY ABOVE. NO RESPONSE IS REQUIRED.**

### **Privacy Notice To Our Customers:**

United States Aviation Underwriters, Inc. ("USAU") sends this notice on behalf of itself and as manager of the United States Aircraft Insurance Group ("USAIG"). USAU and USAIG will be referred to collectively in this letter as "USAU". USAU believes in protecting the confidentiality and security of any Nonpublic Personal Information that it collects about its customers. Nonpublic Personal Information generally means information that is provided by our customers or obtained by USAU in the course of underwriting a policy or managing a claim. It does not include information available to the general public. Please read this letter to learn how USAU will handle Nonpublic Personal Information.

### **The Nonpublic Information That USAU Collects**

USAU collects information for business purposes with respect to its insurance and other business relationships. These business purposes include underwriting insurance, evaluating and paying claims, and processing transactions in the course of doing business with you.

USAU collects this information from the following sources (examples under each source are not necessarily a complete list):

- **Application Information:** This is information USAU received concerning you on applications or other forms related to your application. It may include your name, address and telephone number, e-mail address, social security number, employment information, driving record, FAA information, information concerning your experience as a pilot, date of birth, names and ages of your dependents, medical information and background information (including criminal investigations). In addition to the information that was supplied by you in the application, information may be obtained from inspections, medical reports, credit reports and background checks reports that you authorized when you applied for insurance.
- **Claim Information:** In the event that there is a claim, USAU will collect other Nonpublic Personal Information. This includes medical records, evaluations, surveillance and experts reports and related information.

### **The Nonpublic Information That USAU Discloses**

USAU may disclose any Nonpublic Personal Information it believes is necessary for the conduct of its business, or where disclosure is required by law. For example, Nonpublic Personal Information may be disclosed to others to enable them to provide business services for us, such as helping us to evaluate requests for insurance or benefits, performing general administrative activities for us, and assisting us in processing a transaction requested by you. Information may also be disclosed for audit or research purposes or, for example, to law enforcement and regulatory agencies to help prevent fraud.

Information may be disclosed to others that are outside of the USAU pool companies, such as companies that process data, companies that provide general administrative services, other insurers, and consumer reporting agencies. Information also may be disclosed to affiliates; USAU's affiliates include financial services companies such as life and property and casualty insurers and securities firms, as well as companies that are not financial services companies. USAU may make other disclosures of information as permitted by law.

#### **How USAU Protects Nonpublic Personal Information**

USAU treats Nonpublic Personal Information in a confidential manner. Employees are required to protect the confidentiality of Nonpublic Personal Information. Employees may access Nonpublic Personal Information only when there is an appropriate reason to do so, such as to administer or offer our products or services. USAU also maintains physical, electronic and procedural safeguards to protect Nonpublic Personal Information; these safeguards comply with all applicable laws. Employees are required to comply with our established policies.

#### **Independent USAU Representatives**

The Insurance Agents authorized to sell USAU products are not USAU employees and not subject to USAU's Privacy Policy. Because they have a unique business relationship with you, they may have additional Nonpublic Personal Information about you that USAU does not have. They may use this information differently than USAU. Contact your USAU agent to learn more about their privacy practices.

This privacy policy applies to products or services provided for personal, family or household use in the United States by any of the companies listed above.

**UNITED STATES AVIATION UNDERWRITERS, INC.**

## NOTICE TO POLICYHOLDERS

Your policy contains language referring to the federal Terrorism Risk Insurance Program (the "Program"), established by the Terrorism Risk Insurance Act of 2002 and the Terrorism Risk Insurance Extension Act of 2005 (collectively defined as "TRIA").

The Program is due to expire on December 31, 2007, unless extended.

Since there is a possibility that the Program will expire on December 31, 2007, we have added *conditional* termination of coverage language to the appropriate endorsement(s) of your policy that will coincide with the aforementioned expiration date of TRIA.

Please review that language and contact your agent or broker with any questions you may have.

**USAIG All-Clear Aircraft Policy  
(A Several Liability Combination Policy)  
Coverage Summary Page**

**Policy No. 360AC-691200**

*Former Policy No. 360AC-679034*

The Coverage Summary Pages, along with your policy and any attached forms and endorsements you have, form your complete insurance policy.

***Name and Address of "Policyholder:"***

**Puget Sound Freight Lines  
P.O. Box 24526  
Seattle, Washington 98124**

Your Policy Period is from **June 1, 2007** to **June 1, 2008** beginning and ending at 12:01 AM Local Standard Time at the address shown above.

"Policyholder" is a(n): Corporation.

Your business is: Transportation.

You own the aircraft by yourself.

**Aircraft Use.** You may not charge any person or organization for using your aircraft. However, you may be reimbursed for operating expenses.

***Aircraft.***

Year, Make and Model	Type	Airworthiness Certificate	FAA Identification	Passenger Capacity Excluding Crew
1981 Piper PA-32R-301T Saratoga Turbo SP	Land	Standard	N8387D	5

You keep your aircraft principally in the state of **Washington**.

***Pilots:***

Thomas E. Lovejoy, holding an FAA Commercial Pilot Certificate with FAA Instrument Rating.

Any pilot holding an FAA Private or Commercial Pilot Certificate with FAA Instrument Rating who has logged a minimum of 750 hours as Pilot in Command, at least 100 hours of which have been logged in retractable gear aircraft and at least 25 hours of which have been logged in a(n) Piper PA-32R Turbo.

**Whom We'll Pay.** Payments for loss covered under "Your Aircraft Physical Damage Coverage" will be made to you.

**USAIG All-Clear Aircraft Policy**  
**(A Several Liability Combination Policy)**  
**Coverage Summary Page**

**Policy No. 360AC-691200**

**Limits of Your Coverage.** You are insured up to the Limits shown below. The limits may be altered by the policy or by any attached endorsements.

<b>Coverage</b>	<b>Limits of Coverage</b>	
Combined Liability Coverage for bodily injury and property damage	\$ 1,000,000	Each Occurrence
Personal Injury	\$ 1,000,000	Each Occurrence and Aggregate (Part of and not in addition to Combined Liability Coverage)
Medical Coverage	\$ 5,000	Each Person
Voluntary Settlement	\$ 200,000 \$ 200,000	Each Passenger times the number of passenger seats Excluding crew Each Occurrence

Aircraft Physical Damage Coverage:

<u>FAA Identification</u>	<u>Not In-Motion Deductible</u>	<u>In-Motion Deductible</u>	<u>Limit</u>
N8387D	\$ Nil	\$ Nil	\$ 180,000

**This policy contains the following Forms which are part of your policy: MC01 0107, 123-0198 and Endorsements 1 through 12.**

Premium	\$ 3,671
Endorsement Premium	\$ Included
Total Premium	\$ 3,671

This policy is written through the Aviation Managers on **June 4, 2007**.

Approved by: **United States Aviation Underwriters, Inc.**  
**Aviation Managers**



Countersignature of Authorized Representative

Place of Signing

# ***360° All-Clear Aircraft Policy (A Several Liability Combination Policy)***

***ACE American Insurance Company***

***General Reinsurance Corporation***

***Liberty Mutual Insurance Company***

***National Liability & Fire Insurance Company***

## ***USAIG***

***United States Aircraft Insurance Group***

***is managed by United States Aviation Underwriters, Inc.***

***Home Office: One Seaport Plaza, 199 Water Street, New York, New York 10038***

***January 1, 2007***

**360° ALL CLEAR AIRCRAFT POLICY**  
**(A Several Liability Combination Policy)**  
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**360° ALL CLEAR AIRCRAFT POLICY  
(A Several Liability Combination Policy)  
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# **USAIG ALL-CLEAR AIRCRAFT POLICY**

## **(A Several Liability Combination Policy)**

**Your 360° All-Clear Aircraft Policy.** Throughout this policy the words "you" and "your" refer to the person or organization named on the Coverage Summary Page as "Policyholder." The words "we," "us" and "our" refer to the Companies executing this policy (collectively the "Companies" and each individually a "Company"). "Aviation Managers" means United States Aviation Underwriters, Incorporated.

**Provisions Specially Applicable to this Combination Policy.** Each of the Companies shall be severally (but not jointly) liable solely for its own pro rata share, as set forth in the Participating Company Schedule, for any loss hereunder. Each Company's liability hereunder for its pro rata share of the losses shall be separate and apart from the liability for the pro rata shares of the other Companies so that each Company shall be liable solely for its own pro rata share of losses and not for the pro rata shares of any other Company.

Service of process or of any notice or proof of loss required by this policy, made upon any one of the Companies, or upon a duly authorized agent of any one of the Companies, shall constitute service upon all Companies. Each of the Companies hereby appoints Aviation Managers as its duly authorized agent for receipt of service of process or any notice or proof of loss hereunder.

Upon cancellation by any Company of its liability under the policy, the return premium (if any) to be paid by such Company shall be based upon the proportions set forth in the Participating Company Schedule.

Even if a mutual insurance company is included among the Companies executing this policy, you will not be required to pay any assessment or other contingent liability by virtue of the fact that you are a policyholder of such a mutual insurance company.

**Policy period.** Your policy will begin and end at the time and on the dates shown on the Coverage Summary Page.

**When and where you are covered.** You are covered for occurrences that take place during your policy period while your aircraft described on the Coverage Summary Page is in the United States and its territories and possessions, Canada, Mexico, the Bahamas and the islands of the West Indies, or while enroute between these places. By an occurrence we mean any accident or continuous or repeated exposure to conditions which you don't expect to happen resulting in bodily injury, property damage or loss of or damage to your aircraft. All injuries or damage resulting from generally the same conditions will be considered one occurrence.

**Policy limits.** The limits of your Coverage are shown on the Coverage Summary Page. These limits are the most we'll pay for: (1) damage to or loss of your aircraft; (2) bodily injury caused by your aircraft, including sickness, disease, mental anguish, personal injury or death; (3) property damage caused by your aircraft, including loss of use of the damaged property.

If two or more aircraft are protected under your policy, the "Limits of Coverage" apply separately to each aircraft.

**What is an aircraft?** Your aircraft includes your airplane or rotorcraft and any operating, navigating or radio equipment that's usually attached to the aircraft. Parts of your aircraft that are temporarily removed are also included even if replaced by similar parts. Any tools and repair equipment standard for your type of aircraft are also included. In addition, we will cover personal property, carried in your aircraft, which is used in the operation of your aircraft. If you have other insurance covering a loss to a replaced part or personal property, this coverage shall be excess of the other insurance. And, personal property does not include wearing apparel and other personal property not used in the operation, communication or navigation of your aircraft.

**If you have a loss.** If an occurrence happens, you should notify the Aviation Managers, in writing, as soon as reasonably possible. Include the time and place of the occurrence and the names and addresses of any injured people and witnesses.

**What you must do.** You agree to notify the police if your aircraft, or any of its parts, is stolen. You will send us copies of all legal documents if you're sued or someone files a claim against you. You agree to help us in obtaining and giving evidence, attending hearings and trials, and getting witnesses to testify. And you won't make any statements without our permission, except to government officials. In addition, you agree not to voluntarily make any payments or take on any other legal responsibility without our permission. If you do, we may not reimburse you - even if the loss or expense would have been covered by your policy. We will reimburse you for money spent for emergency first aid to others at the time of an accident.

# **USAIG ALL-CLEAR AIRCRAFT POLICY**

## **(A Several Liability Combination Policy)**

**Assignment-transfer.** Neither you nor any other person or organization covered under your policy can transfer your interest under the policy without the written consent of the Aviation Managers. If you die during your policy period, your legal representatives are covered while settling your estate, provided the Aviation Managers are notified within sixty (60) days of your death.

**Changing this policy.** You can change your Coverage by having the Aviation Managers add an endorsement to your policy. Notice to your agent will not change the terms of your policy nor stop us or the Aviation Managers from enforcing our rights under it.

**Cancelling this policy.** You can cancel your policy at any time. We or the Aviation Managers have the same right. You can cancel your policy by telling us, in writing, when in the future you want your Coverage to end. We will compute the premium we've earned using the customary short rate table and procedure. Any premium we have not yet earned will be returned to you.

We or the Aviation Managers can cancel your policy by mailing or delivering notice to you at the address shown on the Coverage Summary Page at least thirty (30) days before the cancellation date. If, however, your policy is being cancelled because you didn't pay a premium, only ten (10) days notice will be provided. The mailing or delivery of the notice will be sufficient proof that you were notified. We will compute the premium we've earned based on the percentage of your policy period that has been used at the time of cancellation. Any premium we have not yet earned will be returned to you.

**Legal actions.** Each of us named in the Participating Company Schedule, or the Aviation Managers, can bring suit against you if you fail to pay a premium when it's due, or fail to live up to the terms of your policy in any other way.

**State law.** If any terms of your policy conflict with state law, we'll comply with that law.

**Limitations on use.** To be covered under your policy the aircraft must be owned, maintained or used only for the aircraft use described on the Coverage Summary Page and flown only by a pilot or pilots described there. The aircraft must also be registered under a Standard Airworthiness Certificate issued by the Federal Aviation Administration (FAA), or its foreign equivalent. While your aircraft is in the care, custody or control of an FAA Approved Repair Station for the purpose of maintenance or repair, the "Pilots" section appearing on the Coverage Summary Page will not apply, provided you do nothing which would affect the "Rights against third parties" section of your policy.

**If you have other insurance.** If you have other insurance covering a loss that's also covered by your policy, we'll pay only our share of any claim. We will compute what percentage the applicable "Limits of Coverage" for your policy is of the total amount of all valid and collectible insurance covering the loss. We will pay this percentage. This section does not apply to any insurance purchased as excess insurance. Excess insurance is insurance which becomes effective only when all other valid and collectible insurance covering the loss has been exhausted. Other insurance includes any retained limit under any self insurance or deductible program you have established. If any other insurance covering the loss is written through the Aviation Managers, the "Limit of Coverage" that applies under your policy will be reduced by the "Limit of Coverage" under the other insurance.

**Our right of recovery.** If we pay a claim under your policy, we will take over your right to recover that amount from any other person or organization. You agree to cooperate with us and not do anything that will interfere with our chances of recovery.

## **YOUR LIABILITY COVERAGE**

Following is a description of your Coverage under your policy for liability claims made against you. The "Limits of Coverage" you have purchased are shown on the Coverage Summary Page.

**Combined Liability Coverage for bodily injury and property damage.** If you have this Coverage, we'll pay claims for those sums that you become legally obligated to pay as damages for bodily injury, mental anguish, personal injury and damage to someone else's property resulting from the ownership, maintenance or use of the aircraft. But we won't pay more for all injuries and damage in any one occurrence than the "Limits of Coverage" shown on the Coverage Summary Page.

This coverage includes bodily injury, mental anguish and personal injury to persons or passengers. A passenger is anyone who enters your aircraft to ride in or operate it.

# **USAIG ALL-CLEAR AIRCRAFT POLICY**

## **(A Several Liability Combination Policy)**

If the Coverage Summary Page shows a separate limit for "each passenger," the most we'll pay for "each passenger" is the amount shown on the Coverage Summary Page.

The term "mental anguish" means the mental sensation of pain, distress, fright or anxiety, but only when the result of an occurrence covered under your policy.

As respects personal injury, the most we'll pay for all occurrences during your policy period is the "Aggregate Limit of Coverage" shown on the Coverage Summary Page. "Personal injury" means one or more of the following offenses: false arrest, detention or imprisonment, malicious prosecution, damage to someone's reputation or violation of someone's right to privacy, caused by publication or public statement; entering someone's residence, place of business or other property, or evicting someone from their home or place of business when you had no right to do so; or discrimination against someone on racial or religious grounds, where the law permits us to cover you for this type of discrimination committed by you or at your direction.

**Who's covered.** Besides you, the "Policyholder," and your employees, while performing duties as part of their work for you, certain other people and organizations are also covered under "Your Liability Coverage," they are:

1. anyone who is using or riding in your aircraft with your permission; or
2. any person or organization that is legally responsible for the aircraft.

Each person or organization is covered separately. But we won't pay more for all injuries and damage in any one occurrence than the "Limits of Coverage" shown on the Coverage Summary Page.

**Who's not covered.** We will not cover any liability claim against the following persons or organizations, or their agents or employees, regardless of their inclusion under paragraphs 1. or 2. of the "Who's covered" section, while acting in their capacity as:

1. manufacturer or seller of aircraft, aircraft engines or accessories; or
2. operator of an aircraft repair shop, aircraft sales agency, aircraft rental service, flying school, flying service or pilot service; or
3. operator of any airport, hangar, or other aviation facility; or
4. a person whose services are paid for, contracted for or solicited from any of the operations listed in paragraphs 1., 2., or 3.
5. Nor will we cover any liability claim against any employee, including your own employees, who, while working within the scope of his or her duties, injures someone who works for the same employer.

**Additional liability coverage.** All payments described in this section are in addition to the applicable "Limits of Coverage" shown on the Coverage Summary Page.

**Defending suits.** We will defend any liability suit brought against you for bodily injury, mental anguish, personal injury or damage to property to which this insurance applies, even if the suit is groundless. We will also pay all costs of your defense, including investigation and court costs. We may investigate, negotiate and settle any claim or suit, if we decide this is appropriate. But, we won't be obligated to pay any claim or judgment or to defend any suit after your "Limit of Coverage" has been exhausted by payment of judgments or settlements.

**Bonds.** We will pay premiums for appeal bonds and bonds to release any property and personal belongings that are being held as security. We will also pay up to \$250.00 for any bail bond you may require because you violated a law or regulation during your policy period. However, we are not under any obligation to apply for or furnish these bonds.

**Interest.** We will pay any interest on any part of a judgment we are paying, which accrues after entry of the judgment and before we have paid that part of the judgment, which does not exceed your "Limit of Coverage."

# **USAIG ALL-CLEAR AIRCRAFT POLICY**

## **(A Several Liability Combination Policy)**

**Expenses.** We will reimburse you for all reasonable expenses you incur while helping us at our request. We won't, however, pay for the loss of earnings or salaries of you or your employees. We'll pay all medical and surgical expenses you incur while providing immediate medical treatment at the time of an accident or occurrence.

**Suits for liability payment.** No suit or other legal action to recover payment under your policy can be brought unless you have complied with all its terms and a court has entered a judgment against you.

### **Liability claims we won't cover:**

1. **Aircraft.** We won't cover claims for damage to your aircraft under "Your Liability Coverage" section of your policy.
2. **Assumed liability.** We won't cover any liability assumed under a contract or agreement other than an Airport Contract signed with a governmental body so an airport may be used.
3. **Intentional injury.** We won't cover claims for intentional injuries or property damage caused by you or any other person or organization at your or their direction, except to prevent dangerous interference with the operation of an aircraft.
4. **Workers' compensation.** We won't cover any claim that's covered under a workers' compensation, unemployment compensation, disability benefits law or similar law. Nor will we cover claims for injury to your or any other person's or organization's employees while they're actually doing work for you or them, except for liability you or they assume under a contract or agreement you or they sign with a governmental body so you or they may use an airport.
5. **Property damage.** We won't cover damage to any property you or any other person or organization legally responsible for the use of your aircraft owns, rents, controls or transports, including claims for loss of use and consequential damage. We will pay up to \$10,000.00 during your policy period for damage to hangars or their contents which you or they don't own. We will also cover the personal effects and baggage of each passenger in any one occurrence for up to \$1,000.00.
6. **Personal injury.** We won't cover personal injury:
  - a. sustained by any person or organization shown on the Coverage Summary Page as the "Policyholder"; or
  - b. arising from any publication or utterance which first occurred before the effective date of your policy; or
  - c. arising from any publication or utterance made by any person or organization at their direction, knowing the publication or utterance to be false; or
  - d. arising out of any advertising by any person or organization described in the "Who's covered" section of your policy; or
  - e. which does not arise directly from your ownership, maintenance or use of your aircraft; or

## **USAIG ALL-CLEAR AIRCRAFT POLICY**

### **(A Several Liability Combination Policy)**

- f. sustained by any person arising directly or indirectly out of applying for, termination of, or related to their employment, including coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, discrimination or other employment related practices, acts or omissions, by any person or organization described in the "Who's covered" section of your policy; or
  - g. arising from liability assumed by any person or organization described in the "Who's covered" section of your policy; or
  - h. arising out of the willful violation of a penal statute or offenses committed by or with the knowledge or consent of any person or organization described in the "Who's covered" section of your policy.
7. **Bodily injury.** We won't cover bodily injury arising out of or as a consequence of applying for, termination of, or employment by any person or organization described in the "Who's covered" section of your policy. We won't cover bodily injury arising from coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, discrimination or other employment related practices, policies, acts or omissions.
8. **Seating capacity.** Under the "Other aircraft" and "Substitute aircraft" sections of "Your coverage for other aircraft," we won't cover claims arising out of the use of any aircraft which has a seating capacity, including crew, in excess of forty (40) passengers.

**Financial Responsibility Laws.** If your policy is certified as proof of insurance under any aircraft financial responsibility law, we will pay up to the limits of liability required by such law. But we won't pay more than the "Limit of Coverage" that applies under your policy. You agree to reimburse us for any amount we are required to pay under the law which is in excess of what we would otherwise have paid under your policy.

## **YOUR AIRCRAFT PHYSICAL DAMAGE COVERAGE**

If you have this Coverage, we'll cover you against risk of physical loss of or damage to your aircraft as the result of an occurrence both while it's in flight and while it isn't in flight. A fixed wing aircraft is in flight from the time it moves forward for takeoff and until it completes its landing run. A rotorcraft is in flight while its rotors are in motion as a result of engine power or autorotation.

We will consider an aircraft to be lost in flight if it disappears after takeoff and isn't located or its whereabouts are not reported within sixty (60) days. If your aircraft is stolen, we have the right to return stolen property to you, with payment for any damage resulting from the theft of the aircraft, at anytime before we make payment for the loss.

### **What we'll pay.**

**Total loss.** If your aircraft is a total loss, we'll pay you the amount shown on the Coverage Summary Page for your Aircraft Physical Damage Limit, less any deductible that applies.

We will consider your aircraft a total loss when the cost of repairs equals or exceeds the limit of "Your Aircraft Physical Damage Coverage" shown on the Coverage Summary Page.

We will return any unearned Aircraft Physical Damage premium to you. We will compute what we've earned based on the percentage of your policy period that has elapsed at the time the aircraft becomes a total loss. All "Your Aircraft Physical Damage Coverage" for the aircraft will end as soon as we make payment, unless another aircraft is also insured for Aircraft Physical Damage Coverage under your policy.

## **USAIG ALL-CLEAR AIRCRAFT POLICY**

### **(A Several Liability Combination Policy)**

**Partial loss - you make repairs.** If the aircraft is only partially damaged and you make repairs, we'll reimburse you for the following items, less any deductible that applies:

1. the cost of necessary material and parts of similar kind and quality;
2. wages paid at the current straight-time rate, at the place of repair, plus 150% of this amount to cover supervision and overhead.

**Partial loss - someone else makes repairs.** If your aircraft is damaged and the repairs are made by someone else, we'll pay you for the net cost to you of repairing your aircraft with material and parts of similar kind and quality, less any deductible that applies. But we won't pay overtime charges.

In addition, whether you make repairs or someone else makes repairs, we will pay the cost of transporting, by the least expensive means, damaged parts or the aircraft from the site of the loss to the most practical place where repairs can be made; and, the aircraft back to the place of the loss, or your home airport, whichever is closer.

The words "similar kind and quality" mean "similar kind and quality, less an allowance for physical deterioration and depreciation." If repair or replacement of damaged parts results in better than similar kind and quality you must pay the amount of the betterment.

**Your not in-motion deductible.** The not in-motion deductible shown on the Coverage Summary Page will apply to each loss to your aircraft while it's not in-motion.

**Your in-motion deductible.** The in-motion deductible shown on the Coverage Summary Page will apply to any loss to your aircraft while it is in-motion. An aircraft is in-motion whenever it is intentionally moving on the ground or in flight as a result of engine power or autorotation.

This means you'll first pay an amount equal to the deductible. We will then pay the remainder of your loss up to the limit of "Your Aircraft Physical Damage Coverage."

No deductible will apply, however, to any loss to your aircraft caused by: (1) fire, explosion, lightning, theft, robbery, vandalism; or (2) an accident involving an aircraft we insure that's owned by someone else; or (3) accidental damage to your aircraft while it's being transported after being dismantled.

**Emergency landing.** If a pilot shown on the Coverage Summary Page is forced to make an emergency landing away from an airport and there is no physical damage to your aircraft, we will pay the cost of transporting your aircraft to an airport nearest the forced landing site, by the least expensive means. But we won't pay more than the limit of "Your Aircraft Physical Damage Coverage."

**What you must do.** You agree to give us a sworn Proof of Loss Statement within ninety (90) days of the loss. You also agree to allow us or anyone we designate to question you under oath and to show us the damaged property and any records you have to prove the loss.

**When we'll pay.** We will pay for a loss to your aircraft within thirty (30) days from the time agreement is reached on the amount of the loss, provided you have complied with the requirements of your policy. We'll deduct any premiums you owe and other debts you have with us.

**Suits for aircraft physical damage payments.** No suit or other legal action to recover payment can be brought under your policy unless you have complied with all of its terms and the action is brought within one (1) year after the occurrence which led to the loss or damage.

**Rights against third parties.** This insurance is for your benefit alone and not for any other person or organization. Except for what you agree to do under an Airport Contract, you promise not to do anything that will take away our right to collect for damages caused by others.

**Automatic reinstatement.** If your aircraft is damaged, we'll reduce the limit of insurance you have on your aircraft by the amount of damage. Once repairs begin, we'll increase your limit of insurance by the value of the completed repairs until the original limit of insurance on your aircraft is restored or your policy expires, whichever happens first.

# **USAIG ALL-CLEAR AIRCRAFT POLICY**

## **(A Several Liability Combination Policy)**

**Arbitration of disputes.** If we can't agree with you on the amount of loss to your aircraft, the following procedure will be used to settle the dispute:

1. You can request in writing that the dispute be submitted for arbitration. We can do the same.
2. Each will then select an appraiser and will inform the other of that choice within twenty (20) days of the initial notification.
3. The appraisers will select a competent and impartial umpire. If the appraisers can't agree on an umpire within fifteen (15) days, a judge of the state in which the property is located can appoint an impartial umpire, if asked to do so by you or us.
4. Each appraiser will appraise the loss for each item. If they don't agree, they'll submit their differences to the umpire. Agreement by two of the three will decide the amount of the loss.

You will then pay your appraiser and we'll pay ours. Any other costs of the appraisal and the umpire will be divided equally.

**Salvage.** If an aircraft covered under "Your Aircraft Physical Damage Coverage" is damaged, you must do all you can to protect it from further loss. If you don't, we won't be responsible for further loss to the aircraft. We will pay all reasonable expenses you incur in protecting your aircraft from further loss.

If we pay you for a total loss, we can elect to take over the salvage as our property. You cannot, however, merely abandon the damaged property to us. If we decide to take the salvage, we can sell it or do whatever else we want with it.

### **Aircraft damage we won't cover:**

1. **Tires.** We won't cover loss or damage to the tires of your aircraft unless caused by theft, vandalism or malicious mischief; or caused directly by other physical damage covered by your policy.
2. **Wear and tear.** We won't cover loss or damage to your aircraft caused by and confined to wear and tear, deterioration, mechanical or electrical breakdown or failure. Damage caused by breakdown, failure or malfunction of any engine component, accessory or part will be considered mechanical breakdown of the entire engine, and is not covered.

Loss or damage to electronic or electrically driven equipment caused by and confined to electrical power surge, failure or malfunction is not covered.

Damage to an engine caused by heat from its operation, attempted operation or shutdown will be considered wear and tear, and is not covered.

Damage to a turbine engine caused by an object which is not part of the engine or its accessories is foreign object damage. If the damage is caused by a single incident of sufficient severity to require immediate repairs in compliance with the requirements of the manufacturer, it is covered. However, if the damage is discovered at the time of inspection or overhaul, the damage must have occurred during your policy period.

Damage to engines covered by your policy is subject to "Your in-motion deductible."

3. **Consequential damage.** We will not cover any loss of use or any residual depreciation in value of your aircraft, either before or after repairs have been made.



## **USAIG ALL-CLEAR AIRCRAFT POLICY**

### **(A Several Liability Combination Policy)**

4. **Embezzlement.** We won't cover loss or damage to your aircraft or its parts caused when someone with a legal right to possess your aircraft embezzles it.
5. **Ownership.** We won't cover loss or damage to your aircraft if your interest in the aircraft or your ownership changes from that stated on the Coverage Summary Page.

### **YOUR MEDICAL COVERAGE**

We will pay all reasonable medical expenses that passengers, pilots and crew members, including you, incur within one (1) year from the date of an accident. But the aircraft must have been used by you or with your permission when the accident occurred. Reasonable medical expenses include necessary costs of medical, surgical, dental, ambulance, hospital, professional nursing and funeral services.

**What we'll pay.** The amount shown on the Coverage Summary Page for "each person" is the most we'll pay for all medical expenses for one person in any one accident. We won't, however, provide medical services to anyone or their employees until any medical benefits covered under workers' compensation have been deducted.

**Whom we'll pay.** We can pay each injured person directly or we can pay the hospital or any other organization that provided service. Any payment we make will be applied against the limits of "Your Medical Coverage" but won't be an admission of your legal responsibility by us.

**Proof of Loss.** As soon as reasonably possible after the accident, an injured person or someone representing him or her must give us written proof of a claim. An injured person must also submit to physical examination by any doctor we select, whenever we reasonably ask. You will also help us obtain medical reports and copies of records.

**Suits for medical payment.** No suit or other legal action to recover payment can be brought under your policy unless you have complied with all its terms and at least thirty (30) days have elapsed since the required proof of claim has been given to the Aviation Managers.

### **YOUR COVERAGE FOR OTHER AIRCRAFT**

**Other aircraft.** If you are an individual or a corporation and you own the aircraft described on the Coverage Summary Page alone or as a co-owner with your spouse, "Your Liability and Medical Coverage" under your policy will also cover you and the following people while you or they are lawfully using another aircraft with your permission:

1. Your spouse living in the same household.
2. If you are a corporation, any of your executive officers, while they are using another aircraft on your behalf for business purposes.

We won't, however, cover the use of the other aircraft if the Coverage Summary Page allows you to charge people for using your own aircraft. We also won't cover any aircraft that is owned or used on a regular or frequent basis by you or anyone listed above, or their employers, or members of their household, or by any executive officer if you are a corporation. Nor will we cover you if you are leasing the aircraft described on the Coverage Summary Page to someone else.

**Substitute aircraft.** If you are temporarily using another aircraft because your aircraft described on the Coverage Summary Page is withdrawn from service and not available to you because of breakdown, repair, servicing or damage, we'll continue to provide you with the same Liability and Medical Coverage you have under your policy for the withdrawn aircraft. We won't cover any person or organization covered under your policy who owns or furnishes the substitute aircraft. Nor will we cover the legal responsibility of any agent or employee of the owner of the aircraft.

Coverage for "Other aircraft" and "Substitute aircraft" is excess insurance. This means if there is other insurance covering you which covers the loss, your Coverage for "Other aircraft" and "Substitute aircraft" will only pay claims when all other valid and collectible insurance covering the loss has been exhausted.

## **USAIG ALL-CLEAR AIRCRAFT POLICY**

**(A Several Liability Combination Policy)**

**Newly acquired aircraft.** If you become the owner of another aircraft during your policy period, we'll cover it under your policy provided you notify the Aviation Managers within thirty (30) days after you acquire it, pay an additional premium, and the aircraft:

1. replaces an aircraft described on the Coverage Summary Page; or
2. is an additional aircraft and we insure all the aircraft you own at the time you acquire it.

Unless you and the Aviation Managers agree differently in writing, newly acquired aircraft are covered up to the following amounts:

### **Liability and Medical Coverage:**

**Replacement Aircraft.** Same Coverage and "Limits of Coverage" as on the replaced aircraft.

**Additional Aircraft.** Same Coverage and "Limits of Coverage" as on your aircraft having the most similar passenger capacity, excluding crew.

### **Aircraft Physical Damage Coverage:**

**Replacement Aircraft.** Same Coverage and deductibles as on replaced aircraft. We'll cover the actual amount you paid for the aircraft.

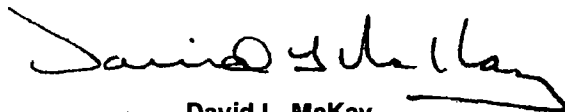
**Additional Aircraft.** Same Coverage and deductibles as on aircraft having the most similar "Limit of Coverage." We'll cover the actual amount you paid for the aircraft.

### ***Please note:***

Attach Coverage Summary Page and any endorsements.

This policy is not valid or complete unless a Coverage Summary Page, approved by the Aviation Managers and countersigned by an Authorized Representative, is attached.

United States Aviation Underwriters, Incorporated  
Aviation Managers



**David L. McKay**  
President

***USAIG All-Clear Aircraft Policy***  
***(A Several Liability Combination Policy)***

**PARTICIPATING COMPANY SCHEDULE**

**THIS IS A COMBINATION POLICY**  
**THE LIABILITY OF THE COMPANIES IDENTIFIED BELOW IS SEVERAL (AND NOT JOINT).**

**LIST OF PARTICIPATING COMPANIES**

<b><u>Companies</u></b>	<b><u>Pro Rata Share of Liability</u></b>
ACE American Insurance Company	33.33%
General Reinsurance Corporation	16.67%
Liberty Mutual Insurance Company	33.33%
National Liability & Fire Insurance Company	16.67%

**USAIG All-Clear Aircraft Policy**  
**(A Several Liability Combination Policy)**

**PARTICIPATING COMPANY SCHEDULE**

By signing this Schedule, each of the companies listed above hereby executes the policy to which the Schedule is attached and each endorsement and other attachment thereto, all of which have been signed on its behalf by the Aviation Managers.


  
Secretary

ACE American Insurance Company  
Philadelphia, Pennsylvania

  
President

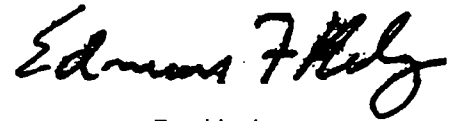
  
Secretary

General Reinsurance Corporation  
Stamford, Connecticut

  
President

  
Secretary

Liberty Mutual Insurance Company  
Boston, Massachusetts

  
President

  
Secretary

National Liability & Fire Insurance Company  
Omaha, Nebraska

  
President

***USAIG All-Clear***  
***(A Several Liability Combination Policy)***  
**Mexican Warning Notice**

If you operate your aircraft in Mexico, you may be fined or jailed and your aircraft impounded unless you have Aircraft Liability Insurance written by a Mexican Insurance Company.

To avoid these possibilities you must obtain additional insurance from a company licensed under the laws of Mexico.

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**TRIA Disclosure Endorsement**

**Policy No. 360AC-691200**

**THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT OF 2002 AND THE TERRORISM RISK INSURANCE EXTENSION ACT OF 2005. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THIS POLICY.**

**A. Terrorism Risk Insurance Act Notice.**

You are hereby notified that, under the Terrorism Risk Insurance Act of 2002 and the Terrorism Risk Insurance Extension Act of 2005 (collectively defined as "TRIA"), you now have a right to purchase insurance coverage from us for losses arising out of Acts of Terrorism **as defined in Section 102(1) of "TRIA."**

"TRIA" defines an "Act of Terrorism" as any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States:

- (i) To be an act of terrorism;
- (ii) To be a violent act or an act that is dangerous to human life, property, or infrastructure;
- (iii) To have resulted in damage within the United States, or outside the United States in the case of an air carrier (as defined by section 40102(a)(2) of Title 49 of the United States Code as "a citizen of the United States undertaking by any means, directly or indirectly, to provide air transportation") or a U.S. registered or U.S. flag vessel or the premises of a United States mission; and
- (iv) **To have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest**, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. (Emphasis supplied.)

The full text of "TRIA" may be accessed through <http://thomas.loc.gov>.

Coverage provided by your policy for losses caused by Acts of Terrorism defined by "TRIA" will be partially reimbursed by the United States Government to your insurer under a formula established by Federal law. Under this formula, the United States Government pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company for losses arising from certified Acts of Terrorism. The limits stated in your policy continue to apply, but "TRIA" also limits the liability of both the United States Government and insurance companies for the payment of compensation for certified Acts of Terrorism. If the Secretary of the Treasury determines that the amount of "certified terrorism loss" has exceeded the maximum annual liability as set forth by "TRIA" or any amendments thereto, we will not pay for any portion of "certified terrorism loss" that exceeds the maximum annual liability.

The premium charge for broadening terrorism coverage under "TRIA", should you elect to purchase it, is shown below. This additional premium does not include any charges for the portion of loss covered by the United States Government under "TRIA". Any coverage for Acts of Terrorism as defined by "TRIA" will be subject to all the terms, conditions and limitations of your policy.

**B. Conditional Termination of Endorsement.**

- 1. This endorsement terminates under the following conditions, whichever occurs first:
  - a. The expiry date of this policy,
  - b. If the Terrorism Risk Insurance Program (the "Program") established by "TRIA" expires, as provided by "TRIA", at the end of December 31, 2007 with respect to the coverage provided by this policy and, the "Program" is not renewed, extended or otherwise continued by the federal government; or

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**TRIA Disclosure Endorsement**

- c. If, on or after December 31, 2007, a renewal, extension or continuation of the "Program" becomes effective without a requirement to make terrorism coverage available to you or with revisions that:
- (i) increase our statutory percentage deductible under the "Program" for terrorism losses; or
  - (ii) decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
  - (iii) redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under your policy.
2. If the conditions set forth in paragraph B.1. above do not occur, this endorsement will continue in effect unless we notify you of changes in response to federal law.

**"TRIA" Terrorism Coverage<sup>(1)</sup>**

**A. "TRIA" Coverages – Aircraft Physical Damage:**

Coverages for physical damage losses from Acts of Terrorism, as defined by "TRIA", are offered for a rate of \$.04 per \$100 of policy limits per aircraft, subject to a minimum premium of \$100 per aircraft. This premium is waived if you have elected to purchase War Risk Physical Damage Coverages.

**B. "TRIA" Coverages – Liability:**

Coverages for liability losses from Acts of Terrorism, as defined by "TRIA", are offered for a fully earned premium of \$220 per \$1,000,000 of policy limits per aircraft for aircraft with a gross weight under 50,000 pounds and \$280 per \$1,000,000 of policy limits per aircraft for aircraft with a gross weight of 50,000 pounds or greater.

<sup>(1)</sup> If you have elected to purchase "TRIA" coverage, your premium and related terms, if any, will be stated on a separate endorsement attached to this policy. Depending upon what you have purchased, the terms of your "TRIA" coverage may appear on:

- a) Certified Terrorism Loss Coverage (Applicable to Your Liability Coverage and Your Medical Coverage) endorsement; or
- b) War, Hi-jacking and Other Perils Exclusion Clause Limited Write-Back Provisions including Certified Terrorism Loss Coverage (Applicable to Your Aircraft Physical Damage Coverage) endorsement.

**Please contact your broker or the Aviation Managers if you have any questions.**

Page 2 of 2 Pages

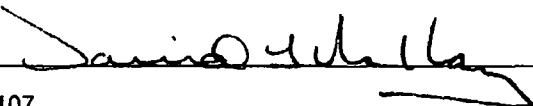
This endorsement does not change any of your coverage except as stated above. It is effective on the date and hour shown below, local Standard Time at the "Policyholder's" address.

Policy Issued to: **Puget Sound Freight Lines**

<b>1</b>	<b>360AC-691200</b>	<b>June 1, 2007 at 12:01 A.M.</b>
Endorsement No.	Policy No.	Date and hour endorsement takes effect

Approved: **United States Aviation Underwriters, Inc., Aviation Managers**

By



264-0107

(360/400)

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Amendment of Coverage for the State of Washington**

1. The "Our right of recovery" section of your policy is changed to read:

**Our right of recovery.** If we pay a claim under your policy, we will take over your right to recover that amount from any person or organization. You agree to cooperate with us and not do anything that will interfere with our chances of recovery.

We shall be entitled to a recovery only after you have been fully compensated for damages by another person or organization.

2. The "Partial loss - someone else makes repairs" section of your policy is changed to read:

**Partial loss - someone else makes repairs.** If your aircraft is damaged and the repairs are made by someone else, we'll pay you for the net cost to you of repairing your aircraft with material and parts of similar kind and quality, less any deductible that applies. But we won't pay overtime charges.

In addition, whether you make repairs or someone else makes repairs, we will pay the cost of transporting, by the least expensive means, damaged parts or the aircraft from the site of the loss to the most practical place where repairs can be made; and, the aircraft back to the place of the loss, or your home airport, whichever is closer.

If repair or replacement of damaged parts results in better than similar kind and quality you must pay the amount of the betterment.

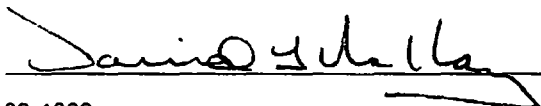
This endorsement does not change any of your coverage except as stated above. It is effective on the date and hour shown below, local Standard Time at the "Policyholder's" address.

Policy Issued to: **Puget Sound Freight Lines**

<b>2</b>	<b>360AC-691200</b>	<b>June 1, 2007 at 12:01 A.M.</b>
Endorsement No.	Policy No.	Date and hour endorsement takes effect

Approved: **United States Aviation Underwriters, Inc., Aviation Managers**

By



WA02-1002

(360/400)



**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Cancellation and Nonrenewal for use in the State of Washington**

If we or the Aviation Managers cancel your policy for any reason other than non-payment of premium, the "Cancelling this policy" section of your policy and any other cancellation provision stated elsewhere in your policy is changed to give you and any mortgagee, lienholder or other entity named in this policy, that has an interest in any loss which may occur under this policy, no less than forty-five (45) days notice before the cancellation date. The notice will also state the reason for cancellation.

The following paragraph is added to the "**Cancelling this policy**" section of your policy:

**Renewal.** If we do not intend to renew your policy for any reason, other than non-payment of premium, we will mail or deliver notice to you at the address shown on the Coverage Summary Page at least forty-five (45) days before the expiration date of your policy, stating the reason for nonrenewal.

We will advise you twenty (20) days before your policy's expiration date of our willingness to renew your policy and the premiums and deductibles which will apply for the next policy term.

We won't be obligated to renew your policy if:

1. you have advised us you don't wish your policy renewed; or
2. you haven't paid a premium which is due for your policy; or
3. we have been notified you have another insurance policy which replaces this policy.

The mailing of notice to you shall be sufficient proof of notice to you.

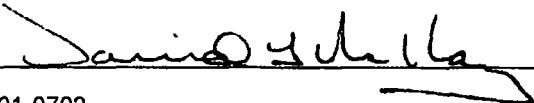
This endorsement does not change any of your coverage except as stated above. It is effective on the date and hour shown below, local Standard Time at the "Policyholder's" address.

Policy Issued to: **Puget Sound Freight Lines**

<b>3</b>	<b>360AC-691200</b>	<b>June 1, 2007 at 12:01 A.M.</b>
Endorsement No.	Policy No.	Date and hour endorsement takes effect

Approved: **United States Aviation Underwriters, Inc., Aviation Managers**

By



WA01-0702

(360/400)

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Assignment/Bankruptcy/Insolvency**

An assignment of interest under this policy shall not bind the Companies until their consent is endorsed hereon; however, the bankruptcy or insolvency of the "Policyholder" will not relieve the Companies of their obligations under the policy absent an order of the appropriate court or regulatory authority.

This endorsement does not change any of your coverage except as stated above. It is effective on the date and hour shown below, local Standard Time at the "Policyholder's" address.

Policy Issued to: **Puget Sound Freight Lines**

<b>4</b>	<b>360AC-691200</b>	<b>June 1, 2007 at 12:01 A.M.</b>
Endorsement No.	Policy No.	Date and hour endorsement takes effect

Approved: **United States Aviation Underwriters, Inc., Aviation Managers**

By   
305-1004 (360/400)

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Date Change Recognition Exclusion**

Your policy does not cover any claim, damage, injury, loss, cost, expense or liability (whether in contract, tort, negligence, product liability, misrepresentation, fraud or otherwise) of any nature whatsoever arising from, occasioned by, or in consequence of (whether directly or indirectly and whether wholly or partly):

A) Any actual or alleged failure, malfunction or inadequacy of:

- 1) Any of the following, whether belonging to you, to any person or organization covered under your policy, or to others, whether or not part of any computer system or whether in your possession, or of any person or organization covered under your policy, or of any third party;
  - a) computer hardware, including microprocessors; or
  - b) computer application software; or
  - c) computer operating systems and related software; or
  - d) computer networks; or
  - e) microprocessors, computer chips, integrated circuits or other information technology equipment or systems; or
- 2) Any other products or systems and any services, data, or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A) 1) of this exclusion;

due to the inability to correctly recognize, process, distinguish, interpret or accept:

- the change of year from 1999 to 2000; or
- the change of date from August 21, 1999 to August 22, 1999; or
- any other change of year, date or time;

B) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify, or test for any potential or actual problems described in Paragraph A) of this exclusion.

This endorsement does not change any of your coverage except as stated above. It is effective on the date and hour shown below, local Standard Time at the "Policyholder's" address.

Policy Issued to: **Puget Sound Freight Lines**

<b>5</b>	<b>360AC-691200</b>	<b>June 1, 2007 at 12:01 A.M.</b>
Endorsement No.	Policy No.	Date and hour endorsement takes effect

Approved: **United States Aviation Underwriters, Inc., Aviation Managers**

By

224-0502

(360/400)

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Date Change Recognition Exclusion Limited Write-Back Provisions**

Applicable to **Your Aircraft Physical Damage and Your Liability Coverages:**

The Date Change Recognition Exclusion shall not apply to:

1. any accidental loss of or damage to an aircraft covered under your policy;
2. any sums which you or any person or organization covered under your policy shall become legally liable to pay as damages because of:
  - A) accidental bodily injury to passengers directly caused by an accident to an aircraft covered under your policy; and/or
  - B) loss of or damage to baggage and personal articles of passengers, mail and cargo directly caused by an accident to an aircraft covered under your policy; and/or
  - C) accidental bodily injury and accidental property damage directly caused by an aircraft covered under your policy or by any person or object falling therefrom.

**Applicable to other Coverages:**

The Date Change Recognition Exclusion shall not apply to any sums which you or any person or organization covered under your policy shall become legally liable to pay as damages because of bodily injury or physical injury to or destruction of tangible property resulting from a covered occurrence.

This endorsement does not change any of your coverage except as stated above. It is effective on the date and hour shown below, local Standard Time at the "Policyholder's" address.

Policy Issued to: **Puget Sound Freight Lines**

<u>6</u>	<u>360AC-691200</u>	<u>June 1, 2007 at 12:01 A.M.</u>
Endorsement No.	Policy No.	Date and hour endorsement takes effect

Approved: **United States Aviation Underwriters, Inc., Aviation Managers**

By 

225-0502

(360/400)

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Other Aircraft and Newly Acquired Aircraft Coverages Amended**

This endorsement changes the "Your Coverage For Other Aircraft" section of your policy as follows:

1. The "Other aircraft" section only applies if we insure all the aircraft you own.
2. The "Newly acquired aircraft" section is changed to read as follows:

**Newly acquired aircraft.** If you become the owner of another aircraft during your policy period, we'll cover it under your policy provided you notify the Aviation Managers within thirty (30) days after you acquire it, pay an additional premium, and the aircraft:

1. replaces an aircraft described on the Coverage Summary Page; or
2. is an additional aircraft and we insure all the aircraft you own at the time you acquire it.

Unless you and the Aviation Managers agree differently in writing, newly acquired aircraft are covered up to the following amounts:

**Liability and Medical Coverage:**

Replacement Aircraft. Same Coverage and "Limits of Coverage" as on the replaced aircraft.

Additional Aircraft. Same Coverage and "Limits of Coverage" as on your aircraft having the most similar passenger capacity, excluding crew.

**Aircraft Physical Damage Coverage:**

Replacement Aircraft. Same Coverage and deductibles as on replaced aircraft. We'll cover the actual amount you paid for the aircraft, but not exceeding \$180,000.

Additional Aircraft. Same Coverage and deductibles as on aircraft having the most similar "Limit of Coverage." We'll cover the actual amount you paid for the aircraft, but not exceeding \$180,000.

This endorsement does not change any of your coverage except as stated above. It is effective on the date and hour shown below, local Standard Time at the "Policyholder's" address.

Policy Issued to: **Puget Sound Freight Lines**

<u>7</u>	<u>360AC-691200</u>	<u>June 1, 2007 at 12:01 A.M.</u>
Endorsement No.	Policy No.	Date and hour endorsement takes effect

Approved: **United States Aviation Underwriters, Inc., Aviation Managers**

By \_\_\_\_\_

272-0305

(360)

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Noise and Pollution and Other Perils Exclusion**

**Policy No. 360AC-691200**

1. This insurance does not apply to any liability, including liability arising out of or assumed under contract, or any injury, loss or damage, including bodily injury, fear of bodily injury, damage or fear of damage, personal injury, advertising injury, sickness, disease, occupational disease, disability, shock, death, mental anguish, mental injury, property damage or any loss, cost or expense, loss of use including grounding, or any other claim, cost or expense whatsoever, directly or indirectly arising out of, resulting from, caused or occasioned by, happening through, in consequence of, or in any way involving:
  - a. Noise (whether audible to the human ear or not), vibration, sonic boom, and any phenomena associated with the foregoing; or
  - b. "Pollution or Contamination" of any kind whatsoever, or the exposure to "Pollution or Contamination," or the fear of exposure to or the effects of "Pollution or Contamination" or the existence of "Pollution or Contamination" in any place or thing or in the atmosphere, land, or any watercourse or body of water, as well as any claim or suit by or on behalf of or any direction, demand or request or any statutory or regulatory requirement, or any voluntary decision, by or on behalf of any governmental authority or other alleged responsible party, that any "Policyholder" or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effects of "Pollutants or Contaminants"; or
  - c. Electrical or electromagnetic emission or interference of any kind whatsoever; or
  - d. Interference with the use of property.

For purposes of this Exclusion:

- i. "Pollution or Contamination" means any actual, alleged or threatened discharge, dispersal, release, escape, seepage, migration, disposal or the mere presence of "Pollutants or Contaminants" in any form.
- ii. "Pollutants or Contaminants" means any pollutant, contaminant or irritant, including, without limitation, any solid, liquid, gaseous or thermal pollutant, contaminant or irritant, or any air emission, smoke, vapor, soot, fume, acid, alkali, chemical, or nuclear material alleged to be a possible or probable carcinogenic, odor, oil or other petroleum product, fungus (including mold or mildew or any mycotoxin, spore, scent or byproduct produced or released by fungi, other than any fungi intended by the "Policyholder" for human consumption), or "Waste" of any kind whatsoever, including solid waste, waste water, waste oil, infectious medical waste, and human, animal or vegetable waste.
- iii. "Waste" means any waste including material to be recycled, reconditioned or reclaimed, whether or not the material has been disposed of by the "Policyholder" or any person handling the "Waste".

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Noise and Pollution and Other Perils Exclusion**

2. With respect to any provision in this policy concerning the duty of Insurers to investigate or defend claims, such provision shall not apply and Insurers shall not be required to defend claims excluded by paragraph 1.
3. This Exclusion shall not apply to any claim for bodily injury or physical injury to tangible property that results from a crash, fire, explosion or collision of "Completed Aircraft," or results from a recorded in-flight emergency causing abnormal aircraft operation of "Completed Aircraft." For purposes of this subsection, "Completed Aircraft" means an aircraft completely assembled and capable of motion under its own power.

Page 2 of 2 Pages

This endorsement does not change any of your coverage except as stated above. It is effective on the date and hour shown below, local Standard Time at the "Policyholder's" address.

Policy Issued to: **Puget Sound Freight Lines**

<u>8</u>	<u>360AC-691200</u>	<u>June 1, 2007 at 12:01 A.M.</u>
Endorsement No.	Policy No.	Date and hour endorsement takes effect

Approved: **United States Aviation Underwriters, Inc., Aviation Managers**

By \_\_\_\_\_

084-0104

(360/400)

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Asbestos Exclusion**

This insurance does not apply to:

1. any liability, including liability arising out of or assumed under contract, or any injury, loss or damage, including bodily injury, fear of bodily injury, damage or fear of damage, personal injury, advertising injury, sickness, disease, occupational disease, disability, shock, death, mental anguish, mental injury, property damage or any loss, cost or expense, loss of use including grounding, or any other claim, cost or expense whatsoever directly or indirectly arising out of, resulting from, caused or occasioned by, happening through, in consequence of, or in any way involving or related to "asbestos" or the use of or exposure to asbestos, including the failure of any product or material containing asbestos, or the existence or presence of asbestos in any place or thing or in the atmosphere, land, or any watercourse or body of water; or
2. any damages or any loss, cost or expense arising out of (i) any claim or suit by or on behalf of any governmental authority or any other allegedly responsible party because of, or (ii) any request, demand, order or statutory or regulatory requirement that any "Policyholder" or any other person or entity should be or is responsible for:
  - (a) assessing the presence, absence, amount or effects of asbestos; or
  - (b) identifying, sampling, testing for, detecting, monitoring, cleaning up, containing, treating, detoxifying, neutralizing, abating, disposing of, mitigating or removing asbestos or any product or material containing asbestos; or
  - (c) responding to asbestos or the potential effects of asbestos in any way other than as described in subparagraph 2.(a) or (b) above; or
3. any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with paragraphs 1. and 2. of this Exclusion; or
4. any obligation to defend or indemnify, or to share damages with or repay someone else due to or arising from, in whole or in part, any claim, action or suit against the "Policyholder" in connection with paragraphs 1., 2. and 3. of this Exclusion.

For purposes of this Exclusion, "asbestos" means asbestos, asbestos fibers, asbestos dust or any product or material containing "asbestos."

This endorsement does not change any of your coverage except as stated above. It is effective on the date and hour shown below, local Standard Time at the "Policyholder's" address.

Policy Issued to: **Puget Sound Freight Lines**

<b>9</b>	<b>360AC-691200</b>	<b>June 1, 2007 at 12:01 A.M.</b>
Endorsement No.	Policy No.	Date and hour endorsement takes effect

Approved: **United States Aviation Underwriters, Inc., Aviation Managers**

By 

271-0104

(360/400)



**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**War, Hi-jacking and Other Perils Exclusion Clause**

The following Exclusion Clause is added to the sections of your policy entitled, "Liability claims we won't cover"; "Aircraft damage we won't cover"; and "Your Medical Coverage":

We won't cover any claim, damage, injury, loss, cost, expense, or liability of any nature whatsoever arising from, occasioned by, or in consequence of:

- (a) War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power.
- (b) Any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- (c) Strikes, riots, civil commotions or labor disturbances.
- (d) Any act of one or more persons, whether or not agents of a sovereign power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
- (e) Any malicious act or act of sabotage.
- (f) Confiscation, nationalization, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any government (whether civil, military or de facto) or public or local authority.
- (g) Hi-jacking or any unlawful seizure or wrongful exercise of control of the aircraft or crew (including any attempt at such seizure or control) made by any person or persons on board the aircraft acting without your consent.

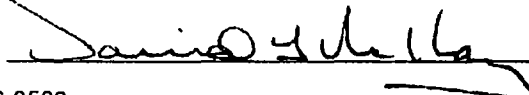
Furthermore, your policy does not cover claims arising while the aircraft is outside of your control by reason of any of the above perils. The aircraft shall be deemed to have been restored to your control upon the safe return of the aircraft to you at an airfield not excluded by the geographical limits of your policy, and entirely suitable for the operation of the aircraft (such safe return shall require that the aircraft be parked with engines shut down and under no duress).

This endorsement does not change any of your coverage except as stated above. It is effective on the date and hour shown below, local Standard Time at the "Policyholder's" address.

Policy Issued to: **Puget Sound Freight Lines**

<b>10</b>	<b>360AC-691200</b>	<b>June 1, 2007 at 12:01 A.M.</b>
Endorsement No.	Policy No.	Date and hour endorsement takes effect

Approved: **United States Aviation Underwriters, Inc., Aviation Managers**

By   
206-0502 (360/400)

## **USAIG All-Clear**

**Policy No. 360AC-691200**

### **(A Several Liability Combination Policy)**

### **War, Hi-jacking and Other Perils Exclusion Clause**

### **Limited Write-Back Provisions Aggregate Endorsement**

### **(Applicable to Your Liability Coverage and Your Medical Coverage)**

Only with respect to "Your Liability Coverage" and "Your Medical Coverage," the "War, Hi-jacking and Other Perils Exclusion Clause" shall be amended to delete paragraphs (a), (c), (d), (e), (f), and (g) thereof subject to the following:

1. Only with respect to the deletion of paragraph (a) from the "War, Hi-jacking and Other Perils Exclusion Clause," we won't cover claims for damage to any form of property on the ground located outside of the United States of America or Canada, unless caused by or arising out of the use of your aircraft.

2. **Limitation of Liability**

The limit of the Companies' liability under this Limited Write-Back shall be a sub-limit of \$1,000,000 any one occurrence and in the annual aggregate, except with respect to passengers in your aircraft in which case the Limit of Coverage is as stated on the Coverage Summary Page. **This sub-limit is part of and not in addition to the Limit of Coverage stated on the Coverage Summary Page.**

In no event shall the Companies' liability under this Limited Write-Back exceed \$1,000,000 in the annual aggregate (except with respect to passengers in an aircraft covered hereunder), regardless of the number of (a) people or organizations covered hereunder, (b) occurrences or events, (c) claims made or suits brought, or (d) persons or organizations making claims or bringing suits.

3. **Automatic Termination**

This Limited Write-Back shall terminate automatically under any of the following circumstances:

- (i) upon the outbreak of war (whether there be a declaration of war or not) between any two or more of the following: France, the People's Republic of China, the Russian Federation, the United Kingdom, or the United States of America; or
- (ii) only with respect to the deletion of paragraph (a) from the "War, Hi-jacking and Other Perils Exclusion Clause," upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter wherever or whenever such detonation may occur, and whether or not an aircraft covered under your policy may be involved; or
- (iii) upon the requisitioning of any aircraft covered under your policy for title or use.

However, if any aircraft covered by your policy is in flight when any of the above circumstances occurs, then this Limited Write-Back (unless otherwise cancelled, terminated or suspended) shall remain in effect with respect to such aircraft until completion of its first landing and until its passengers have deplaned.

## **USAIG All-Clear**

**(A Several Liability Combination Policy)**

**War, Hi-jacking and Other Perils Exclusion Clause**

**Limited Write-Back Provisions Aggregate Endorsement**

**(Applicable to Your Liability Coverage and Your Medical Coverage)**

#### **4. Review and Cancellation**

**(a) Review of Premium and/or Geographical Limits (7 days notice)**

The Companies or the Aviation Managers may give notice to review premium and/or geographical limits by mailing or delivering notice to you at the address shown on the Coverage Summary Page at least seven (7) days before such notice takes effect.

**(b) Limited Cancellation (2 days notice)**

Following a hostile detonation as set forth in paragraph 3. (ii) above, the Companies or the Aviation Managers may give notice of cancellation of all or part of this Limited Write-Back by mailing or delivering notice to you at the address shown on the Coverage Summary Page at least two (2) days before such cancellation takes effect.

**(c) Cancellation (7 days notice)**

This Limited Write-Back may be cancelled by either the Companies, the Aviation Managers, or you by mailing or delivering notice seven (7) days before such cancellation takes effect.

Page 2 of 2 Pages

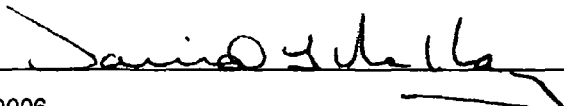
This endorsement does not change any of your coverage except as stated above. It is effective on the date and hour shown below, local Standard Time at the "Policyholder's" address.

Policy Issued to: **Puget Sound Freight Lines**

<b>11</b>	<b>360AC-691200</b>	<b>June 1, 2007 at 12:01 A.M.</b>
Endorsement No.	Policy No.	Date and hour endorsement takes effect

Approved: **United States Aviation Underwriters, Inc., Aviation Managers**

By



246-0906

(360/400)

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Preferred Pilot Coverage Expansion**

**Policy No. 360AC-691200**

Because you and other named pilots are taking recurrent training, we have expanded your policy to include the following Coverages:

Table of Additions:

When and where you are covered.  
Coverage for bodily injury and property damage for airport premises.  
Liability Coverage for aircraft physical damage while using a non-owned aircraft.  
Coverage for bodily injury and property damage for sale of your owned aircraft.  
Property damage.  
Reimbursement of emergency expenses.  
Spare engine and parts Coverage.  
Aircraft Physical Damage Extra Expense.  
Voluntary Settlement Coverage with Weekly Payments and Permanent Total Disability.  
Other insurance.

**When and where you are covered.** You are covered for occurrences which take place during the policy period while your aircraft described on the Coverage Summary Page is in the United States and its territories and possessions, Canada, Mexico, the Bahamas, the islands of the West Indies and Central America, or while enroute between these places. And, as respects bodily injury and property damage for sale of your owned aircraft or its parts, you are covered for occurrences which take place during the policy period, which happen in the above places, but only after you have relinquished physical possession of the aircraft or its parts.

**Coverage for bodily injury and property damage for airport premises.** We will pay claims for bodily injury, mental anguish, personal injury and damage to someone else's property resulting from the ownership, maintenance or use of airport premises. But we won't pay more for all injuries and damage in any one occurrence than the "Limit of Coverage" shown on the Coverage Summary Page. This Coverage for airport premises is part of and not in addition to the Limits of Coverage for **"Combined Liability Coverage for bodily injury and property damage"** shown on the Coverage Summary Page and is in the same amount as the highest limit of Coverage for one aircraft.

You are also covered for use of mobile equipment which you own or lease under written agreement, while it is on airport premises you own, maintain or use. "Mobile equipment" means a land vehicle (including machinery and/or apparatus attached to it), whether or not it's self propelled, used exclusively for the maintenance or handling of aircraft or airport premises, provided it is:

- Not subject to motor vehicle registration; and,
- is designed for use principally off public roads; and,
- is used exclusively on airport premises owned by or rented to you, including roadways immediately adjoining.

**Liability Coverage for aircraft physical damage while using a non-owned aircraft.** "Your Liability Coverage" is expanded to cover claims arising from physical damage, which you have caused, to a non-owned aircraft you're using which you don't own in whole or in part.

This Coverage does not apply to aircraft covered elsewhere in your policy.

You may use the non-owned aircraft for the purposes shown on the Coverage Summary Page of your policy. Only those pilots named on the Coverage Summary Page of your policy may, with your permission and only for your business, operate the aircraft while it's in flight.

Your limit of Coverage under this section for Liability Coverage for aircraft physical damage for non-owned aircraft is \$100,000 each occurrence.

We won't cover damage to property you own, rent, control or transport, except the non-owned aircraft you are using.

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Preferred Pilot Coverage Expansion**

**Policy No. 360AC-691200**

**Coverage for bodily injury and property damage for sale of your owned aircraft or parts.** We will pay claims for bodily injury, mental anguish and damage to someone else's property resulting from the sale of your aircraft or from the relinquishment of an aircraft leased exclusively to you and described on the Coverage Summary Page, or from the sale of your owned aircraft parts to someone else.

You are covered for claims arising out of an accident causing bodily injury or property damage which occurs during the policy period. This Coverage for sale of your aircraft or its parts is part of and not in addition to the Limits of Coverage for **"Combined Liability Coverage for bodily injury and property damage"** shown on the Coverage Summary Page for aircraft sold or relinquished.

**Property damage.** The **"Property damage"** section of your policy is changed to read:

We won't cover damage to any property you own, rent, control or transport, except aircraft covered in your **"Liability Coverage for aircraft physical damage while using a non-owned aircraft"** section appearing in this endorsement. But we will cover the personal effects and baggage of each passenger in any one occurrence for up to \$5,000. We will also pay up to \$50,000, during the policy period, for damage to hangars and their contents you don't own.

**Reimbursement of emergency expenses.** We will reimburse you for expenses incurred for the use of foam on a runway or your aircraft, or for fire, crash control and rescue. But we won't pay more than \$10,000 in any one occurrence. We will also reimburse you for expenses incurred by you for search and rescue operations which have been initiated by you and which have the prior approval of the Aviation Managers, but only after search and rescue operations have been discontinued by the governmental authority in charge of these operations. But we won't pay more than \$25,000 in any one occurrence.

**Spare engine and parts Coverage.** In addition to the Limit of Coverage for **"Your Aircraft Physical Damage Coverage,"** we will cover you against risk of physical loss or damage to spare engines and aircraft parts which are owned by you or for which you are legally responsible and which are intended to be used for your aircraft described on the Coverage Summary Page. But we won't pay more than \$25,000 in any one occurrence. All of the terms and conditions of your policy which apply to **"Your Aircraft Physical Damage Coverage"** also apply to your spare engines and parts Coverage. We won't cover loss of spare engines or parts which disappear mysteriously.

**Aircraft Physical Damage Extra Expense.** If your aircraft is damaged, and **"Your Aircraft Physical Damage Coverage"** covers the loss, we will reimburse you for the "extra expense" arising from chartering, leasing or renting a "replacement aircraft," while your aircraft is out of service while being repaired. "Extra expense" means that portion of the actual cost of chartering, leasing or renting a "replacement aircraft" which exceeds the cost you would have incurred had you operated your own aircraft which was damaged. A "replacement aircraft" means an aircraft of similar or lesser size, weight and performance.

We will not cover "extra expense" after completion of repairs to your aircraft; or, if your aircraft is a total loss.

You should notify the Aviation Managers prior to incurring any "extra expense." Also, you will be required to provide the Aviation Managers with invoices and other documentation to support the claim for all covered "extra expenses" within ninety (90) days of the date you incur the "extra expenses."

We will pay up to \$200 per day for chartered, leased or rented "replacement aircraft." The most we will pay for all "extra expense" is \$12,000. Coverage applies only if the estimated period necessary for repair exceeds seven (7) days.

Payments for covered "extra expense" incurred will be made for the period beginning with the date of the loss or accidental damage and ending on the sixtieth (60<sup>th</sup>) day following the date of the loss or accidental damage. Coverage for "extra expense" is in addition to and not part of **"Your Aircraft Physical Damage Coverage."**

If **"Your Aircraft Physical Damage Coverage"** is subject to a deductible, the amount of the deductible shown on the Coverage Summary Page will apply once to the physical damage to your aircraft and the "extra expense" when combined together as one claim.

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Preferred Pilot Coverage Expansion**

**Policy No. 360AC-691200**

**Voluntary Settlement Coverage with Weekly Payments and Permanent Total Disability.** "Your Liability Coverage" section of your policy is extended to include Voluntary Settlement Coverage. We'll offer on your behalf and at the request of the "Policyholder," a sum to or for each passenger who receives certain injuries while riding in a covered aircraft with your permission. A passenger is anyone who enters the aircraft to ride in or operate it. It is a requirement of this offer that we receive a complete and final release of all liability for the injuries covered under your "**Coverage for bodily injury to passengers only**" or "**Your Combined Coverage for bodily injury and property damage**." We will not be obligated to make a voluntary settlement offer to pay a claim to, or make a settlement with, a passenger or his or her estate, if you do not request us to do so within one (1) year of the occurrence involving an aircraft covered under this section.

What injuries are covered. Offers may be made to or for passengers who, immediately or within ninety (90) days after an occurrence, die, suffer permanent loss of sight or have an entire hand or foot completely severed in an occurrence while riding in a covered aircraft with your permission.

What we won't cover. We won't cover:

- anyone acting as a crew member unless employee crew member(s) is shown as "included" on the Coverage Summary Page; or
- a passenger in any aircraft not listed on the Coverage Summary Page. But this Coverage will apply to substitute aircraft and newly acquired aircraft as described in your "**Coverage for other aircraft**" section of your policy.
- We won't pay a claim under this section if the aircraft is being operated by a pilot holding a "Student Pilot's Certificate."

Unlike "**Your Liability Coverage**," the additional Coverage under this section applies to injuries covered by workers' compensation, unemployment compensation, disability benefit or similar law. But, the Coverage under this section may not be used to satisfy your or your insurance company's obligation under a workers' compensation, unemployment compensation, disability benefit or similar law.

**Limits of Settlement.** The Limits of Settlement shown on the Coverage Summary Page for "Each Passenger" is the most we'll pay to any one passenger. The Limits of Settlement for "Each Occurrence" is the most we'll pay for all passengers in any one occurrence.

If a passenger dies or loses both hands, both feet or the sight of both eyes, or a passenger loses one hand or one foot and the sight of one eye; or one hand and one foot, we'll offer up to the Limits of Settlement for "Each Passenger."

We'll pay one-half of the Limits of Settlement for "Each Passenger" if a passenger loses either one hand, foot or sight of one eye.

If a passenger covered under your Voluntary Settlement Coverage suffers an injury which is not covered, but which completely and continuously prevents that passenger from performing any or all of his or her job duties, we will offer to make the following payments:

1. If a passenger suffers such an injury, we will offer to pay either eighty percent (80%) of his or her average weekly salary, including bonuses and commissions for the year preceding the occurrence, or \$500 per week for fifty-two (52) consecutive weeks, whichever is less.
2. If the passenger still cannot perform any or all of his or her job duties after we have made our fifty-second (52nd) payment, we will pay the amount shown under the "Each Passenger" column of the "Limits of Settlement" shown on the Coverage Summary Page. The total amount of all weekly payments we made will be deducted from this figure.

**USAIG All-Clear**  
**(A Several Liability Combination Policy)**  
**Preferred Pilot Coverage Expansion**

3. If, during the time we are making weekly payments, the passenger's injuries result in an injury described in the "What injuries are covered" section of your Voluntary Settlement Coverage, we will pay the amount shown under the "Each Passenger" column of the "Limits of Settlement" shown on the Coverage Summary Page. The total amount of all weekly payments we made will be deducted from this figure.

We won't, however, require a release for payments made under paragraph "1." of the Weekly Payments section, appearing above.

The Limits of Settlement are part of the "Limits of Your Coverage" shown on the Coverage Summary Page for your "Combined Liability Coverage for bodily injury and property damage," and they are not in addition to those limits.

If the passenger to whom we offer a settlement or payment does not accept the offer within ninety (90) days of the time we make it, or brings a suit against you for the injuries which are the subject of the offer, we will no longer be required to pay any settlement to that passenger under this section.

**Other insurance.** Coverage under this endorsement provides you with excess insurance. If you have other insurance covering a loss that's also covered by this endorsement, we will pay claims only when all other valid and collectible insurance covering the loss has been exhausted. Other insurance includes any retained limit under any self insurance or deductible program you have established. This does not apply to any insurance you purchased in excess of this endorsement.

However, if any other insurance covering the loss is written through the Aviation Managers, the Limit of Coverage that applies under this endorsement will be reduced by the Limit of Coverage under the other insurance.

Page 4 of 4 Pages

This endorsement does not change any of your coverage except as stated above. It is effective on the date and hour shown below, local Standard Time at the "Policyholder's" address.

Policy Issued to: **Puget Sound Freight Lines**

<b>12</b>	<b>360AC-691200</b>	<b>June 1, 2007 at 12:01 A.M.</b>
Endorsement No.	Policy No.	Date and hour endorsement takes effect

Approved: **United States Aviation Underwriters, Inc., Aviation Managers**

By

208-0505

(360)

# EMPIRE INDEMNITY INSURANCE COMPANY

## COMMERCIAL PROPERTY POLICY

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
307354JF-1	Jun 1 2007 to Jun 1 2008	EMPIRE INDEMNITY INSURANCE COMPANY	720219
NAMED INSURED		AGENT	
PUGET SOUND TRUCK LINES, INC DBA: PUGET SOUND FREIGHT LINES INC P.O. BOX 24526 SEATTLE, WA 98124		SWETT SEATTLE 720 OLIVE WAY, 18TH FLOOR SEATTLE, WA 98101	

### COMMON POLICY DECLARATIONS

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL TERMS OF THIS POLICY, WE AGREE TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

POLICY  
PERIOD: FROM Jun 1 2007 TO Jun 1 2008 12:01 AM; Standard time at your  
mailing address shown above

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED.  
THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM	
COMMERCIAL PROPERTY COVERAGE PART	\$ 48,000.00	
POLICY CATASTROPHE ANALYSIS FEE	\$ 150.00	(Fully Earned)
PREMIUM SHOWN IS PAYABLE AT INCEPTION.	ESTIMATED TERM PREMIUM	\$ 48,150.00
	MINIMUM EARNED PREMIUM	\$ 12,000.00 (Plus Fee)

Service Fee 500.00  
State Tax WA 946.12  
Stamping Fee WA 118.27  
State Tax OR 26.88  
SLSC OR 5.00

"This contract is registered and delivered as a surplus line coverage under the insurance code of the State of Washington, enacted in 1947. It is not issued by a company regulated by the Washington State Insurance Commissioner and is not protected by any Washington State Guaranty Fund Law."

SWETT & CRAWFORD  
THIS IS EVIDENCE OF INSURANCE PROCURED AND DEVELOPED UNDER THE OREGON SURPLUS LINE LAWS AND IS NOT COVERED BY THE PROVISION OF ORS 734.510 TO 734.701 RELATING TO THE OREGON INSURANCE GUARANTY ASSOCIATION. IF THE INSURER ISSUING THIS INSURANCE BECOMES INSOLVENT, THE OREGON INSURANCE GUARANTY ASSOCIATION HAS NO OBLIGATION TO PAY CLAIMS UNDER THIS EVIDENCE OF INSURANCE."

August 10 2007



# EMPIRE INDEMNITY INSURANCE COMPANY

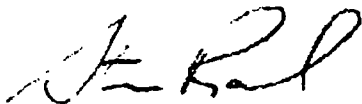
## COMMERCIAL PROPERTY POLICY

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
307354JF-1	Jun 1 2007 to Jun 1 2008	EMPIRE INDEMNITY INSURANCE COMPANY	720219
NAMED INSURED		AGENT	
PUGET SOUND TRUCK LINES, INC DBA: PUGET SOUND FREIGHT LINES INC P.O. BOX 24526 SEATTLE, WA 98124		SWETT SEATTLE 720 OLIVE WAY, 18TH FLOOR SEATTLE, WA 98101	

### FORMS APPLICABLE TO ALL COVERAGE PARTS:

EM 08 27 - NOTICE OF SERVICE OF SUIT  
0607 - TERRORISM EXCLUSION ENDORSEMENT  
0608 - MOLD EXCLUSION  
0904 - REJECTION OF OUR OFFER OF COVERAGE  
0102 - ADDITIONAL POLICY CONDITIONS  
0103 - CANCELLATION AND NONRENEWAL PROVISIONS  
0200 - DIFFERENCE IN CONDITIONS COVERAGE FORM  
0201 - BUSINESS INCOME COVERAGE FORM  
0202A - BUILDING ORDINANCE OR LAW  
0203 - ELECTRONIC DATA PROCESSING  
0300 - DIRECT PD AND BI PER LOCATION  
0404 - REPLACEMENT COST  
0406 - STATEMENT OF VALUES  
0407 - EARTHQUAKE SPRINKLER LEAKAGE EXTENSION ENDORSEMENT  
0501B - FLOOD COVERAGE LIMITATION-100 YEAR FLOOD PLAIN OR SHADED X FLOOD ZONE  
0502A - TERRITORY COVERAGE LIMITATION  
0506 - ELECTRONIC DATA AND COMPUTER SYSTEMS EXCLUSION  
0611 - ENSUING LOSS EXCLUSION  
0999 - ENDORSEMENT NO. 1  
0999 - ENDORSEMENT NO. 2  
0999 - ENDORSEMENT NO. 3

The company's President and Secretary have signed this policy. If required by state law, this policy shall not be valid unless countersigned by our authorized representative.

A handwritten signature in black ink, appearing to be "A. R. L.", written in a cursive style.

President

A handwritten signature in black ink, appearing to be "John Kinsler", written in a cursive style.

Secretary

POLICY NUMBER: 307354JF-1

DIFFERENCE IN CONDITIONS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**DEDUCTIBLE FORM - DIRECT PROPERTY DAMAGE AND BUSINESS INCOME  
PER LOCATION**

This endorsement modifies Insurance provided under the following:

**DIFFERENCE IN CONDITIONS COVERAGE FORM  
BUSINESS INCOME (AND EXTRA EXPENSE) INCLUDING RENTAL VALUE COVERAGE FORM  
EXTRA EXPENSE COVERAGE FORM  
RENTAL INCOME COVERAGE FORM**

All claims for loss or damage arising out of a single occurrence shall be adjusted as one claim, and the company shall then be liable for the excess of the percentage(s) or amount(s) shown below, but in no event to exceed the applicable policy limit. If two or more perils contribute to a single occurrence, the total deductible shall not exceed the largest deductible applicable.

Total insurable values as used in this endorsement includes buildings and/or structures; stock, materials and supplies; furniture, fixtures, equipment and machinery; tenant's improvements and betterments; and business income, extra expense and rental income, as more fully described in Item 3. subsections A, B, C, D and E of Difference in Conditions Coverage form 0200.

Earthquake/Earthquake Sprinkler Leakage:	5	% of the total insurable values of each location at the time when such loss occurs, subject to minimum per occurrence.
\$	50,000	
Flood:	N/A	% of the total insurable values of each location at the time when such loss occurs, subject to minimum per occurrence.
\$	100,000	
All other perils:	25,000	per occurrence.
\$		

Deductibles as shown above, except 15% of the total insurable values of each location at the time when such loss occurs, subject to \$50,000 minimum per occurrence as respects locations 1,2,3,4,5,7 & 8 (per statement of values on file with the company), due to ages of construction.

# **EMPIRE INDEMNITY INSURANCE COMPANY**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NOTICE OF SERVICE OF SUIT**

This endorsement modifies insurance provided under the following:

**DIFFERENCE IN CONDITIONS COVERAGE FORM  
EXCESS PROPERTY INSURANCE FORM**

In the event you feel that we have failed to pay a claim according to the terms of the policy, you may start "suit" against us. We will obey the order of any Court of competent jurisdiction within the United States and will comply with all requirements necessary to give the Court jurisdiction, and all such matters shall be determined according to the law and practice of the Court.

In any "suit" brought against us concerning your policy, we will abide by the final decision of the Court, including any appellate Court in the event of the appeal.

Service of Suit may be made upon the Vice-President of Claims of Empire Indemnity Insurance Company, Executive Office: 13810 FNB Parkway, Omaha, NE 68154-5202. This person is authorized and directed to accept Service of Suit on our behalf and/or provide written notice that we will appear in Court, if "suit" is instituted.

If required by your state statutes, we hereby designate the Commissioner of Insurance, or any other officer specified by the statute, or his successors in office, as our true and lawful attorney for Service of Suit instituted by you, or on your behalf or on behalf of your beneficiary, in regard to your policy, and designated that such process should be mailed to Marty Braun, Director of Claims, at our address shown above..

All other terms, conditions, and agreements remain unchanged.

POLICY NUMBER: 307354JF-1

**DIFFERENCE IN CONDITIONS  
EXCESS PROPERTY**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**TERRORISM EXCLUSION ENDORSEMENT**

**This endorsement modifies insurance provided under the following:**

**DIFFERENCE IN CONDITIONS COVERAGE FORM  
EXCESS PROPERTY INSURANCE FORM**

It is agreed that this policy excludes coverage for any loss, damage, cost or expense of any nature directly or indirectly caused by, resulting from, or arising out of, any "act of terrorism" regardless of whether any other cause or event contributes concurrently or in any other sequence to the loss, damage, cause or expense.

"Act of terrorism" means any act committed for political, religious, ideological, social or similar purposes including any attempt or intention to influence any government or other political entity and/or to put the public or any (portion of) the public in fear. "Act of terrorism" includes but is not limited to any act of sabotage and/or the use of force or violence and/or any threat of the use of force or violence, by or on behalf of any person or group(s) of persons, whether acting alone or on behalf of or in concert with any other organization(s), government(s) or other political entity.

This endorsement also excludes coverage for any loss, damage, cost or expense of any nature directly or indirectly caused by, resulting from or in connection with any action taken by any person or entity in attempting to control, prevent, suppress, mitigate or remedy any "act of terrorism".

POLICY NUMBER: 307354JF-1

**DIFFERENCE IN CONDITIONS  
EXCESS PROPERTY**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**MOLD EXCLUSION**

**This endorsement modifies Insurance provided under the following:**

**DIFFERENCE IN CONDITIONS COVERAGE FORM  
EXCESS PROPERTY INSURANCE FORM**

We will not pay for loss or damage, or increase in loss or damage, caused by the actual, alleged, or threatened occurrence, growth, spread, escape, release, transmission, migration, discharge, seepage, infestation, dispersal, inhalation, absorption, ingestion, physical contact, or exposure to "Mold(s)", "Mildew(s)", "Spores(s)" and/or "Fungi" in any form whatsoever.

We will not pay your expense for:

- (1) "Mold(s), Mildew(s), Spore(s) and/or Fungi Investigative and Remediation Costs"; or
- (2) Remove, restore or replace affected land, air or water; or
- (3) Punitive or exemplary damages, fines or penalties, the return of fees or other consideration paid to the insured, or that portion of any award or judgment caused by the trebling or multiplication of actual damages under federal or state law, or matters deemed uninsurable under the laws pursuant to which this policy shall be construed.
- (4) The cost to the insured or others to investigate or defend any loss, injury, or damage, or for any cost, fine, or penalty or for any expense or claim or suit related to any of the above.

"Mold(s)", "Mildew(s)", "Spores(s)" and/or "Fungi" means any mold, mildew, spores and/or fungus of any type or nature whatsoever that can cause or threaten harm to any living organism (including human health or human welfare, or the health or welfare of any animal or plant) or can cause or threaten physical damage, deterioration, loss of use, and/or of value or marketability, to any tangible property whatsoever.

"Mold(s), Mildew(s), Spore(s) and/or Fungi Investigative and Remediation Costs" means expenses to the insured or others for expert fees, investigation, cost estimation, testing, monitoring, sampling, clean up, containment, remediation, treatment, removal, or neutralization of "Mold(s)", "Mildew(s)", "Spores(s)" and/or "Fungi" or property containing "Mold(s)", "Mildew(s)", "Spores(s)" and/or "Fungi" and any other costs associated therewith.

POLICY NUMBER: 307354JF-1

DIFFERENCE IN CONDITIONS  
EXCESS PROPERTY

**POLICYHOLDERS DISCLOSURE NOTICETERRORISM RISK INSURANCE ACT OF 2002 (TRIA)**  
**REJECTION OF OUR OFFER OF COVERAGE**

You have rejected our offer of coverage for certified acts of terrorism, as defined in and certified under the Terrorism Risk Insurance Act of 2002 (TRIA). By rejecting the offered terrorism coverage, you have authorized the attachment of a terrorism exclusion to your policy. This policy contains one or more such exclusions that apply to certified acts of terrorism.

PLEASE NOTE THE FOLLOWING DISCLOSURE INFORMATION REGARDING THE FEDERAL TRIA ACT:

According to Section 102(1) of the Terrorism Risk Insurance Act of 2002, the term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States - to be an act of terrorism: to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that terrorism coverage required to be offered by the act for losses caused by certified acts of terrorism is partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States will pay 90% of covered terrorism losses exceeding a statutorily established deductible paid by insurers until such time as insured losses under the program reach \$100 billion. If that occurs, Congress will determine the procedures for, and the source of, any payments for losses in excess of \$100 billion.

POLICY NUMBER: 307354JF-1

**DIFFERENCE IN CONDITIONS  
EXCESS PROPERTY**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL POLICY CONDITIONS**

**This endorsement modifies insurance provided under the following:**

**DIFFERENCE IN CONDITIONS COVERAGE FORM  
EXCESS PROPERTY COVERAGE FORM**

**A CHANGES**

This policy contains all the agreements between the Named Insured and the Company concerning the coverage afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with the Company's consent. This policy's terms can be amended or waived only by endorsement issued by the Company and made a part of this policy.

**B PREMIUMS**

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the recipient of any return premiums.

**C TRANSFER OF THE NAMED INSURED'S RIGHTS AND DUTIES UNDER THIS POLICY**

The named Insured's rights and duties under this policy may not be transferred without the Company's written consent except in the case of death of an individual Named Insured.

If an individual Named Insured dies, the individual Named Insured's rights and duties will be transferred to the individual Named Insured's legal representative but only while acting within the scope of duties as the individual Named Insured's legal representative is appointed, anyone having proper temporary custody of the individual Named Insured's property will have the individual Named Insured's rights and duties but only with respect to that property.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## CANCELLATION AND NONRENEWAL PROVISIONS

This endorsement modifies insurance provided under the following.

### DIFFERENCE IN CONDITIONS COVERAGE FORM EXCESS PROPERTY INSURANCE FORM

#### A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to the Company advance written notice of cancellation.
2. The company may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a) 10 days before the effective date of cancellation if the Company cancels for nonpayment of premium; or
  - b) 30 days before the effective date of cancellation if the Company cancels for any other reason.
3. The company will mail or deliver notice of cancellation to the first Named Insured's last mailing address known to the Company.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, the Company will send the first Named Insured any premium refund due. If the Company cancels, the refund will be pro rata. If the Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if the Company has not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.
7. *Residential Property*

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written.

- a) If such coverage has been in effect for 60 days or less, and is not a renewal of coverage the Company previously issued, the Company may cancel this coverage for any reason, except as provided in b. and c. below.
- b) The Company may not cancel such coverage solely because the first Named Insured has accepted the Company's offer of earthquake coverage.

- c) The Company may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if the coverage form excludes loss or damage caused by or resulting from corrosive soil conditions.

8. Policies In Effect For More Than 60 Days

- a) If this policy has been in effect for more than 60 days, or is a renewal of a policy the Company issued, the Company may cancel this policy only upon occurrence, after the effective date of the policy, of one or more of the following:
- (1) Nonpayment of premium, including payment due on a prior policy the Company issued and due during the current policy term covering the same risks.
  - (2) Discovery of fraud or material misrepresentation by:
    - a) Any insured or his or her representative in obtaining this insurance; or
    - b) A Named Insured or a Named Insured's representative in pursuing a claim under this policy.
  - (3) A judgment by a court or an administrative tribunal that a Named Insured has violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
  - (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by a Named Insured or a Named Insured's representative, which materially increase any of the risks insured against.
  - (5) Failure by a Named Insured or a Named Insured's representative to implement reasonable loss control requirements, agreed to by the insured as a condition of policy issuance, or which were conditions precedent to the Company's use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
  - (6) A determination by the Commissioner of Insurance that the:
    - a) Loss of, or changes in, the Company's reinsurance covering all or part of the risk would threaten the Company's financial integrity or solvency; or
    - b) Continuation of the policy coverage would:
      - (i) Place the Company in violation of California law or the laws of the state where the Company is domiciled; or
      - (ii) Threaten the Company's solvency.
  - (7) A change by a Named Insured or a Named Insured's representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b) The Company will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, and to the producer of record, at least:

- (1) 10 days before the effective date of cancellation if the Company cancels for a reason listed in paragraph 8.a)(1) or 8.a )(2).
- (2) 30 days before the effective date of cancellation if the Company cancels for any other reason listed in paragraph 8.a).

**B. NONRENEWAL**

1. Subject to the provisions of paragraphs B.2. and B.3. below, if the Company elects not to renew this policy, the Company will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written.

- a) The Company may elect not to renew such coverage for any reason, except as provided in b. and c. below:
- b) The Company will not refuse to renew such coverage solely because the first Named Insured has accepted the Company's offer of earthquake coverage.
- c) The Company will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if the coverage form excludes loss or damage caused by or resulting from corrosive soil conditions.

3. The Company is not required to send notice of nonrenewal in the following situations:

- a) If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between the Company and a member of the Company's insurance group.
- b) If the policy has been extended for 90 days or less, provided that notice has been given in accordance with paragraph B.1.
- c) If the insured has obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- d) If the policy is for a period of no more than 60 days and a Named Insured is notified at the time of issuance that it will not be renewed.
- e) If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- f) If the Company has made a written offer to the first Named Insured, in accordance with the timeframes shown in paragraph B.1, to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

Policy Number: 307354JF-1

Effective Date: Jun 1 2007  
12:01 A.M

Insured: PUGET SOUND TRUCK LINES, INC DBA: PUGET SOUND FREIGHT LINES INC

### DIFFERENCE IN CONDITIONS COVERAGE

- ITEM 1. Insuring Agreement** - This policy insures against all risks of direct physical loss or damage to covered property from any external cause except as hereinafter excluded.
- ITEM 2. Territorial Limits** - This policy in no event shall cover beyond the territorial limits of the United States (including its territories and possessions), Puerto Rico, Canada, and as more fully set forth in ITEM 5. below.
- ITEM 3. Property or Interest Covered** - This policy covers property described in ITEM 3, subsections A, B, C, D, and E below, but no coverage attaches under any item unless an "X" is inserted in the box preceding that item:
- ☒ A - On building(s) and/or structures, including additions and/or extensions in contact therewith and on all property belonging to and/or constituting a permanent part of said buildings and/or structures and pertaining to the service, upkeep, maintenance and operation thereof.
  - ☐ B - On stock, materials and supplies usual or incidental to the operations of the insured including the insured's interest in materials, labor and charges furnished, performed on, or incurred in connection with property of others.
  - ☒ C - On furniture, fixtures, equipment and machinery being property of the insured, or similar properties of others in the care, custody or control of the insured and for which the insured is legally liable in the event of loss.
  - ☐ D - On the insured's interest in Tenant's Improvements and Betterments to buildings, being fixtures, alterations, installations or additions comprising part of a building(s) occupied but not owned by the insured and made at the expense of the insured.
  - ☒ E - Loss of Business Income, (And Extra Expense) including Rental Value, as more specifically covered and defined in attached form: 0201.
- ITEM 4. Limit of Liability**
- (A) The limit of liability of this company in respect to each and every loss occurrence shall not exceed:  
\$ 15,000,000.00 part of \$ 15,000,000.00
  - (B) As respects loss or damage caused by or resulting from earthquake, the limit of liability during any one policy term shall not exceed:  
\$ 15,000,000.00 part of \$ 15,000,000.00
  - (C) As respects loss or damage caused by or resulting from flood, the limit of liability during any one policy term shall not exceed:  
\$ 15,000,000.00 part of \$ 15,000,000.00

**ITEM 5. Schedule of Locations Covered:**

- (A) 1. Per schedule on file with the company  
2.  
3.  
4.  
5.

(B) \$ 0 on property at any other locations.

**ITEM 6. Deductible Clause:**

All claims for loss or damage arising out of a single occurrence shall be adjusted as one claim, and this company shall then be liable for the excess of the percentage(s) or amount(s) shown on the endorsement, but in no event to exceed the applicable policy limit. If two or more perils contribute to a single occurrence, the total deductible shall not exceed the largest deductible applicable. See endorsement: 0300.

**ITEM 7. Forms applicable to this coverage form:  
Per Policy Declarations**

**ITEM 8. Property Excluded:**

- (A) Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes, securities, stamps, original drawings and specifications, letters of credit, passports, tickets (including lottery tickets) or valuable papers;
- (B) Animals, growing plants, trees or shrubs (except when held for sale, or when used for decorative purposes inside buildings), growing crops or lawns, motor vehicles licensed or designed principally for highway use, watercraft, aircraft, motorcycles, motor scooters and other similar vehicles licensed or designed principally for highway use;
- (C) Property sold by the insured under conditional sales, trust agreements, installment payments or other deferred payment plans after delivery to customers;
- (D) Property in transit;
- (E) Steam boilers, steam pipes, steam turbines, or steam engines owned, leased or operated by the insured against loss by bursting, rupture or explosion of such objects;
- (F) Machines or machinery against loss by rupture, bursting or disintegrating of rotating or moving parts;
- (G) Contractor's equipment;
- (H) Jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious metals or alloys, furs, and articles trimmed with fur;
- (I) Electronic data processing equipment including computers, electronic accounting machines, all supporting machinery, magnetic tapes, discs, cards, any storage device and all software including procedures, programs or source material of any kind;
- (J) Property in the course of construction, including materials and supplies thereof;
- (K) Power transmission and/or feeder lines not on the insured's premises;

- (L) Land (including but not limited to land on which the insured property is located), air or water, howsoever and wherever located, or any interest or right therein;
- (M) Contraband, or property in the course of illegal transportation or trade;
- (N) The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media;
- (O) The following property while outside of buildings:
  - (1) Grain, hay, straw or other crops;
  - (2) Fences, radio or television antennas, including their lead-in wiring, (including satellite dishes), masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants;
- (P) Bridges, culverts, dams, trestles, tunnels, roadways, walks, patios or other paved surfaces;
- (Q) The cost of excavations, grading, backfilling or filling;
- (R) Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;
- (S) Bulkheads, pilings, piers, wharves or docks;
- (T) Retaining walls that are not part of a building described in this coverage form;
- (U) Underground pipes, flues or drains.
- (V) Railroad rolling stock and roadbeds.
- (W) Underground mining equipment.
- (X) Antiques, objects of art, property of artistic, historical or scientific significance whether or not constituting part of the covered buildings; or any item scheduled under a Fine Arts or other scheduled property floater.

**ITEM 9. Perils Excluded:**

This policy does not insure against:

- (A) (1) Fire, Lightning, Explosion, Vandalism, Sprinkler Leakage and:
  - (2) Windstorm or Hail, Smoke, Aircraft or Vehicles, Riot or Civil Commotion, Sinkhole Collapse whether or not insurance for such perils is being maintained by the insured at the time of the loss and whether or not such a loss or damage is directly or indirectly caused by or contributed to by a peril covered under this policy;
  - (3) Other perils as defined and limited, under policies insuring against perils carried by the insured under any other more specific insurance arranged for and in the name of the insured;
  - (4) Any perils covered by a standard all risk insurance policy approved by the authority having jurisdiction, whether purchased or not.
  - (5) Theft (including but not limited to burglary and robbery).
- (B) Loss or damage caused by or resulting from water below the surface of the ground including that which exerts pressure on or flows, seeps, or leaks through sidewalks, driveways, foundations, walls, floors or paved surfaces, or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls, floors or paved surfaces;

- (C) Loss or damage caused by or resulting from mere disappearance of property or loss or shortage of property disclosed on taking inventory;
- (D) Loss or damage caused by or resulting from wear and tear, mechanical breakdown, derangement, inherent vice, latent defect, gradual deterioration, smog, moth, vermin, rodents, termites or other insects including larvae or pupae thereof;
- (E) Loss or damage caused by or resulting from smoke, vapor or gas from agricultural smudging, or industrial operations;
- (F) Loss or damage caused by or resulting from dampness of atmosphere, dryness of atmosphere, changes in or extremes of temperature, shrinkage, evaporation, loss of weight, leakage of contents, breakage of glass or similar fragile materials (other than lenses of photographic or scientific instruments), marring, scratching, rust or corrosion, exposure to light, contamination, change in flavor or color or texture or finish;
- (G) Dishonest or criminal act by any insured, partner, employee (including leased employee), director, trustee, authorized representative, or anyone to whom an insured entrusts property for any purpose:
  - (1) Acting alone or in collusion with others; or
  - (2) Whether or not occurring during the hours of employment;
- (H) Loss or damage caused by or resulting from any fraudulent scheme, trick, device or false pretense practiced upon the insured or upon any person(s) to whom the property may be entrusted;
- (I) Loss or damage caused by or resulting from electrical injury or disturbance to electrical appliances, fixtures or wiring caused by electrical currents artificially generated, except with respect to ensuing loss caused by or resulting from a peril not otherwise excluded;
- (J) Loss or damage caused by or resulting from:
  - (1) Normal settling, cracking, shrinking or expansion in foundations, walls, floors, or ceilings, or subsidence. Such loss or damage is excluded regardless of whether any covered cause or peril other than earthquake contributes concurrently or in any sequence to the loss;
  - (2) Earth movement. Earth movement includes but is not limited to loss or damage caused by, resulting from, contributing to or aggravated by landslide, subsidence, mudflow, rockslide, earth sinking, rising, shifting or settling, or the eruption, explosion, or effusion of any volcano, but does not include earthquake as defined in this policy. This exclusion applies even though the loss or damage is contributed to in any manner by perils other than earthquake which are insured against in this policy;
  - (3) The negligent act or omission of any person;
  - (4) Enforcement of any ordinance or law regulating the reconstruction, repair or demolition of any real property insured hereunder. This exclusion applies even though the loss or damage is contributed to in any manner by perils which are insured against in this policy;
- (K) Loss or damage caused by or resulting from:
  - (1) Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack (a) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by any agent of any such government, power, authority or forces;
  - (2) Any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
  - (3) Insurrection, rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating or defending against any such occurrence, seizure or destruction under quarantine or customs regulation, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
- (L) Loss or damage caused by or resulting from nuclear reaction or nuclear radiation or radioactive contamination all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by a peril covered under this policy;

- (M) Loss or damage caused by or resulting from the freezing of plumbing, sprinkler or heating systems in vacant properties;
- (N) Loss or damage caused by or resulting from pilferage, burglary, larceny, theft, or attempted theft if the described property had been vacant beyond a period of thirty (30) days immediately preceding the loss;
- (O) Loss or damage caused by or resulting from errors in design, errors in processing, faulty workmanship or faulty materials, unless the collapse of the property or a part thereof ensues and then only the ensuing loss;
- (P) Loss or damage to property while actually being worked upon and directly resulting therefrom, except ensuing loss from a peril not otherwise excluded by this policy;
- (Q) Loss or damage caused by or resulting from exposure to elements of the weather where any covered personal property is left in the open or not contained in buildings or permanent foundations;
- (R) Loss or damage caused by or resulting from delay, loss of market, loss of use, interruption of business, consequential loss of any nature; unless specifically insured under Item 3, subsection E;
- (S) Any loss or any increase in loss caused by or resulting from any of the following:
  - Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body;
  - Faulty, inadequate or defective:
    - Planning, zoning, development, surveying, siting;
    - Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - Materials used in repair, construction, renovation, or remodeling; or
    - Maintenance of part or all of any property on or off the described premises;
- (T) Loss caused by or resulting from the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises;
- (U) Loss or damage caused by or resulting from water that backs up or overflows from a sewer sump or drain;
- (V) Loss or damage caused by or resulting from continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more;
- (W) Loss of or damage to the interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
  - (1) The building or structure first sustains damage by a covered peril to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
  - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure;
- (X) (1) Loss caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants"
- (2) Loss or expense to:
  - (a) Extract "pollutants" from land, air or water; or
  - (b) Remove, restore or replace polluted land, air or water
  - (c) Investigate or defend any loss, injury, or damage, or for any cost, fine, or penalty or for any expense or claim or suit related to any of the above.is not covered.



"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;

(Y) Any loss or increase in loss caused by or resulting from:

- (1) Asbestos, dioxin, or polychlorinated biphenols removal, encapsulation, covering, or any manner of control or abatement from any goods, products, or structure;
- (2) Demolition, increase cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos, dioxins, or polychlorinated biphenols;
- (3) Any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified; or
- (4) The presence of asbestos in any building or structure as defined in Item 3. subsection A. of this policy;

(Z) Loss or damage caused by or resulting from water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning, fire protective systems, or other equipment and whether or not such loss or damage is directly or indirectly caused by or contributed to by a peril covered under this policy;

(AA) Theft or burglary of fragile articles such as glassware, statuary, marbles, chinaware and porcelains;

(BB) Loss of or damage to gutters and downspouts caused by or resulting from weight of snow, ice or sleet.

(CC) Loss or damage caused by explosion, bursting or rupture of steam boilers, steam pipes, steam engines or steam turbines owned or leased by the insured, or operated under the insured's control.

**ITEM 10. Other Insurance** - This policy does not attach to or become insurance against any peril upon property herein described, which at the time of any loss is covered by other insurance (meaning insurance in the name of the insured but not written upon the identical plan, terms, conditions and provisions contained in this policy) until the liability of such other insurance has been exhausted, and then cover only such loss as may exceed the amount due from such other insurance (whether collectible or not) after application of any contribution, coinsurance, average or distribution or other clauses contained in policies of such other insurance affecting the amount collectible thereunder, not, however, exceeding the limits as set forth herein.

**ITEM 11. Single Loss Clause** - Each loss by earthquake shall constitute a single claim hereunder, provided, if more than one earthquake shock occurs within any period of 168 hours during the term of this policy, such earthquake shocks shall be deemed to be a single earthquake within the meaning hereof. This company shall not be liable for any loss caused by any earthquake shock occurring before the effective date and time of this policy, nor for any loss occurring after the expiration date and time of this policy.

In no event shall this company be liable for any loss caused directly or indirectly by fire, explosion or other excluded perils whether the same be caused by or attributable to earthquake or otherwise.

All "Floods" that occur within any 72-hour period will constitute a single "loss". The expiration of this policy will not reduce the 72-hour period.

- ITEM 12. Subrogation Waiver** - This insurance shall not be prejudiced by agreement made by the named insured releasing or waiving the named insured's right to recovery against third parties responsible for the loss, except under the following circumstances only:
- (A) If made before loss has occurred, such written agreement may run in favor of any third party;
  - (B) If made after loss has occurred, such written agreement may run only in favor of a third party falling within one of the following categories at the time of loss:
    - A third party insured under this policy; or
    - A business firm
      - owned or controlled by the named insured or in which the named insured owns capital stock or other proprietary interest; or
      - that owns or controls the named insured or owns or controls capital stock or other proprietary interest in the named insured;
  - (C) Whether made before or after loss has occurred, such agreement must release or waive the entire right of recovery of the named insured against such third party.
- ITEM 13. Loss Clause** - Any loss hereunder shall not reduce the amount of this policy except as respects earthquake and flood as per ITEM 4 limit of liability of this form.
- ITEM 14. Misrepresentation and Fraud** - This entire policy shall be void if, whether before or after a loss, the insured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.
- ITEM 15. Notice of Loss** - The insured shall as soon as practicable report in writing to the company or its agent every loss, damage or occurrence which may give rise to a claim under this policy and shall also file with the company or its agent within ninety (90) days from date of discovery of such loss, damage or occurrence, a detailed sworn proof of loss.
- ITEM 16. Examination Under Oath** - The insured, as often as may be reasonably required, shall exhibit to any person designated by the company all that remains of any property herein described, and shall submit, and in so far as is within his or their power cause his or their employees, members of the household and others to submit to examinations under oath by any person named by the company and subscribed the same; and, as often as may be reasonably required, shall produce for examination all writing, books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the company or its representative, and shall permit extracts and copies thereof to be made. No such examinations under oath or examination of books or documents, nor any other act of the company or any of its employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which the company might otherwise have with respect to any loss or claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to the company's liability.
- ITEM 17. Privilege To Adjust With Owner** - In the event of loss or damage to property of others held by the insured for which claim is made upon the company, the right to adjust such loss or damage with the owner or owners of the damaged property is reserved to the company and the receipt of such owner or owners in satisfaction thereof shall be in full satisfaction of any claim of the insured for which such payment has been made. If legal proceedings be taken to enforce a claim against the insured as respects any such loss or damage, the company reserves the right at its option without expense to the insured, to conduct and control the defense on behalf of and in the name of the insured. No action of the company in such regard shall increase the liability of the company under this policy, nor increase the limits of liability specified in the policy.

- ITEM 18. Settlement of Loss** - All adjusted claims shall be paid or made good to the insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and sworn proof of loss at the office of the company. No loss shall be paid or made good if the insured has collected the same from others.
- ITEM 19. No Benefit To Bailee** - This insurance shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.
- ITEM 20. Pair, Set Or Parts** - In event of loss of or damage to:
- (A) Any article or articles which are a part of a pair or set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be construed to mean total loss of the pair or set, or
  - (B) Any part of property covered consisting, when complete for use or sale, or several parts, the company shall only be liable for the value of the part lost or damaged.
- ITEM 21. Records and Inventory** - The insured shall keep accurate books, records and accounts in the following manner:  
A detailed and itemized inventory record of all property covered hereunder shall be maintained and physical inventory shall be taken periodically at intervals not more than twelve (12) months apart.
- ITEM 22. Examination of Records** - The insured shall, as often as may be reasonably required during the term of this policy and for one (1) year thereafter, produce for examination by the company or its duly authorized representative all the books and records, inventories and accounts relating to the property covered hereunder.
- ITEM 23. Suit** - No suit, action or proceeding for the recovery of any claim under this policy shall be sustainable in any court of law or equity unless the same be commenced within twelve (12) months next after discovery by the insured of the occurrence which gives rise to the claim, provided however, that if by the laws of the state within which this policy is issued such limitation is invalid, then any such claims shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such state.
- ITEM 24. Appraisal** - If the insured and the company fail to agree as to the value of the property or amount of loss, each shall, on the written demand of either, made within sixty (60) days after receipt of proof of loss by the company, select a competent and impartial appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and impartial umpire, and failing for fifteen (15) days to agree upon such umpire, then, on the request of the insured or the company, such shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the actual cash value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The insured and the company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The company shall not be held to have waived any of its rights by any act relating to appraisal.
- ITEM 25. Company's Options** - It shall be optional with the company to take all, or any part, of the property at the agreed or appraised value, or to repair, rebuild or replace the property destroyed or damaged with other property of like kind and quality within a reasonable time, on giving notice of its intention to do so within sixty (60) days after the receipt of the sworn proof of loss herein required.
- ITEM 26. Abandonment** - There can be no abandonment of any property to the Company.
- ITEM 27. Claims Against Third Parties** - In the event of any loss of or damage to the property covered hereunder the insured shall immediately make claim in writing against the carrier(s), bailee(s) or others involved.